NOTICE OF REGULAR MEETING CITY COUNCIL MEETING AND AGENDA
THE CITY OF PRINCETON, TEXAS
May 10, 2021

The City Council of the City of Princeton will meet in Regular Meeting Session on May 10, 2021 at 6:30 PM Princeton City Hall 123 West Princeton Drive Princeton, TX 75407 to discuss the following

Honorable Brianna Chacon,
Mayor

Honorable Steven Deffibaugh,
Mayor Pro Tempore, Place 5

David Kleiber,
Councilmember, Place 1

Mike Robertson,
Councilmember, Place 2

Bryan Washington,
Councilmember, Place 3

Keven Underwood,
Councilmember, Place 4

CALL TO ORDER

ROLL CALL

Brianna Chacon
Steven Deffibaugh
David Kleiber
Mike Robertson
Bryan Washington
Keven Underwood

INVOCATION

PLEDGE OF ALLEGIANCE

CITIZEN APPEARANCE

Citizens are allowed 3 minutes to speak. The Council is unable to respond to or discuss any issues that are brought up during this section that are not on the agenda, other than to make statements of specific factual information in response to a citizen's inquiry or to recite existing policy in response to the inquiry.

MAYORS COMMENTS

CONSENT AGENDA

Consent Agenda: All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

Minutes
Discussion and possible action regarding the minutes of the April 26, 2021 Regular City Council Meeting.
CC Minutes 04-26-21.doc

Façade Program
Discussion and possible action regarding a revised guideline for economic incentives through façade improvement grants and related administrative direction to staff.
Res. 2021-05-03-R PEDC Program for Facade Improvements Grants

Texas Severe Winter Storms
Discussion and possible action regarding a FEMA and Texas Division of Emergency Management grant and authoring the City Manger to execute and submit the documents.
Grant Terms and Conditions - DR 4586.pdf
W-9 Taxpayer Identification Number and Certification.pdf
Designation of Subrecipient Agent (DSA).pdf
Direct Deposit Authorization (DDA).pdf

REGULAR AGENDA

2021-114 **Proclamation (National Public Works Week)**
Proclamation honoring National Public Works Week, May 16-22, 2021.
Public Works Week (May 2021).doc

2021-115 **Resolution 2021-05-10-R (Brookside PID Phase 2 and 3 Project)**
Consider and act on Resolution 2021-05-10-R, approving the form and authorizing the distribution of a preliminary limited offering memorandum for City of Princeton, Texas, Special Assessment Revenue Bonds, Series 2021 (Brookside Public Improvement District Phase 2 and 3 Project).
Resolution Approving PLOM (Agenda Item 1).pdf

2021-116 **Brookside PID (Phase 2-3 Project)**
Approval of a reimbursement agreement for Brookside Public Improvement District Phase 2-3 Project.
Reimbursement Agreement (Brooskide PID) (Agenda Item 2).pdf

2021-117 **Public Hearing (Eastridge PID)**
Public Haring on the creation of the Eastridge Public Improvement District.

2021-118 **Traffic Analysis**
Discussion and possible action regarding the results of the traffic analysis on San Remo Dr.
San Remo Traffic Study_signed and sealed.pdf

2021-119 **Tattoos & Piercings**
Discussion and possible action to allow employees piercings and tattoos as requested by Mayor Chacon.

2021-120 **On the House**
Discussion and possible action regarding a request by John Kusterbeck regarding his home business, (On the House), as requested by Mayor Chacon.

2021-121 **Future Agenda Items**
Possible action to approve request for items to be placed on a future agenda and NOT for discussion of these requests.

EXECUTIVE SESSION

Executive Session: Under terms of Chapter 551 of Texas Government Code the City Council may

enter into CLOSED SESSION or Executive Session to discuss the following:

Section 551.071 (2) Texas Government Code. Consultation with the City Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter on any posted agenda items.

ACTION PERTAINING TO EXECUTIVE SESSION

REPORT AGENDA - CITY MANAGER

1) Next Regular City Council Meeting, Monday, May 24, 2021 @ 6:30 p.m.
2) Update on a resolution regarding the alignment of the 380 bypass.
3) Parks and Trails Master Plan Update - Future Recreation Center: Public Meting #2 to be held May 18, 2021 at 6:00 p.m. at the Public Works Building Conference Room.

CC REPORT AGENDA

City Council reports about items of community interest regarding which no action will be taken.

ADJOURNMENT

CERTIFICATE

I hereby certify the above Notice of Meeting was posted at the Princeton City Hall @ _____ and copies thereof were delivered to the Mayor, Mayor Pro-Tempore and Councilmembers.

_____
Tabatha Monk, City Secretary

STATEMENT FOR ADA COMPLIANCE

The City of Princeton acknowledges its responsibility to comply with the Americans with Disabilities Act of 1990. Thus, in order to assist individuals with disabilities who require special services (i.e., sign interpretation services, alternative audio/visual devices, and amanuenses) for participation in or access to the City of Princeton sponsored public programs, services and/or meetings, the City requests the individuals make requests for these services forty-eight (48) hours ahead of the scheduled program, service and/or meeting. To make arrangements, contact Tabatha Monk, City Secretary, or other designated official at 972-734-2416. The City Council reserves the right to consult in executive session with its attorney and to receive legal advice regarding any item listed on this agenda pursuant to Section 551.071(b).

Minutes

The City of Princeton

Teleconference City Council Meeting of April 26, 2021

The City Council of the City of Princeton, Texas, met in Regular Session on April 26, 2021 at 6:30 p.m.in the City Council Chamber at City Hall, located at 123 W Princeton Dr. Princeton, Texas 75407.

The following Councilmembers were present: Councilmember David Kleiber, Councilmember Mike Robertson, Councilmember Bryan Washington, Councilmember Keven Underwood and Mayor Pro-Tempore Steve Deffibaugh.

The following Staff Members were present: City Manager Derek Borg, City Secretary Tabatha Monk, Director of Development Services Shawn Fort, Director of Community Engagement Tenishea Turner, Special Events Coordinator Stephanie O'Brien, Police Administrative Sargent Cabrera and Police Officer Rizzo.

Mayor **Chacon** called the City Council Meeting to order at 6:33 p.m.

Mayor **Chacon** called roll, present were Councilmembers **David Kleiber**, **Mike Robertson, Bryan Washington, Keven Underwood and Steve Deffibaugh.**

Kelly Carr led the invocation.

Councilmember **Underwood** led the Pledge of Allegiance.

Mayor **Chacon** then announced Citizen Appearance; Pastor Kelly Carr reminded us of the National Day of Prayer event on May 6th at 7:00 p.m. at PISD Stadium.

Mayors Comments: Mayor Chacon welcomed everyone back to the in person City Council meetings.

Mayor **Chacon** announced the Consent Agenda: All consent agenda items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so

request, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda. Items on the **Consent Agenda were:** "Discussion and possible action regarding the minutes of the April 12, 2021 Regular City Council Meeting; Discussion and possible action regarding a donation for equipment from the City of Allen; Discussion and possible action regarding the FY2020-21 Financial Report for the six months ended March 31, 2021 (unaudited); Discussion and possible action regarding a request from Lennar Homes of Texas Land and Construction, LTD. for final plat approval of a 18.62-acre tract of land situated in the Hardin Wright Survey, Abstract No. 957, City of Princeton, Collin County, Texas; Discussion and possible action regarding a request from Vinjay Holding, LLC for preliminary & final plat approval of a 2.947 acre tract of land situated in the Hardin Wright Survey, Abstract No. 957, City of Princeton, Collin County, Texas; Discussion and possible action regarding the Animal Shelter Agreement; Discussion and possible action regarding the Collin County Emergency Operations Plan. Mayor Pro-Tempore **Deffibaugh made a motion to approve the Consent Agenda.** Councilmember **Kleiber seconded the motion to approve**. The **motion carried unanimously.**

Mayor **Chacon** then announced the first item under the Regular Agenda: **(2021-095 Public Hearing (Winchester Crossing): "**Public Hearing on Levy of Assessments within Phases 3 and 4 of the Winchester Public Improvement District No. 1."

Mayor **Chacon** opened the public hearing at 6:42 p.m.

Mayor **Chacon** closed the public hearing at 6:42 p.m.

Mayor **Chacon** then announced the second item under the Regular Agenda: **(2021-096 Winchester Crossing: "**Approval of First Amendment to Winchester Crossing Reimbursement Agreement and Second Amendment to Winchester Crossing Development Agreement (Winchester Public Improvement District No. 1)." Councilmember **Underwood made a motion to approve.** Councilmember **Washington seconded the motion to approve**. The **motion carried unanimously.**

Mayor **Chacon** then announced the third item under the Regular Agenda: **(2021-097 Ordinance 2021-04-26-01 (Winchester Crossing): "**Consider and ace on Ordinance 2021-04-26-01, levying assessments for the cost of certain improvements to be provided in Phases 3 and 4 of the Winchester Public Improvement District No. 1; fixing a charge and lien against all properties within Phases 3 and 4 of the district and the owners thereof; providing for the manner and method of collection of such assessments; making a finding of special benefit to property in Phases 3 and 4 of the district; approving an emended and restated service and assessment plan; providing a severability clause; and providing an effective date." Mayor Pro-Tempore **Deffibaugh made a motion to approve.** Councilmember **Robertson seconded the motion to approve**. The **motion carried unanimously.**

Mayor **Chacon** then announced the fourth item under the Regular Agenda: **(2021-098 Public Hearing (791 E. Princeton Dr.): "**Public hearing to consider a proposed specific use permit request by VASP, LLC, for property located at791 E. Princeton Dr. Being a 1.52 acre tract of land situated in the Hardin Wright Survey, Abstract No. 957, City of Princeton, Collin County, Texas."

Mayor **Chacon** opened the public hearing at 6:49 p.m.

Mayor **Chacon** closed the public hearing at 6:49 p.m.

Mayor **Chacon** then announced the fifth item under the Regular Agenda **(2021-099 PL20210052 - Preliminary Plat (Eastridge): "**Discussion and possible action regarding request from Meritage Homes of Texas LLC for preliminary plat approval of a 547.96 acre tract of land situated in the Rufus Sewall Survey, Abstract No. 873, Thomas Rhodes Survey, Abstract No. 741 & David Cherry Survey, Abstract No. 166 City Princeton, Collin County, Texas." Mayor Pro-Tempore **Deffibaugh made a motion to approve.** Councilmember **Underwood seconded the motion to approve**. The **motion carried unanimously.**

Mayor **Chacon** then announced the sixth item under the Regular Agenda **(2021-100 Ordinance No. 2021-04-26-02 (Specific Use Permit): "**Discussion and possible action regarding Ordinance 2021-04-26-02 a request from VASP, LLC for specific use permit approval of a 1.52 acre tract of land in the Hardin Wright Survey, Abstract No.957, City of Princeton, Texas." Councilmember **Washington made a motion to approve.** Councilmember **Underwood seconded the motion to approve**. The **motion carried unanimously.**

Mayor **Chacon** then announced the seventh item under the Regular Agenda **(2021-101 Resolution No. 2021-04-26-R01 (Contribution of Right of Way Funds): "**Discussion and possible action regarding Resolution No. 2021-04-26-R01 a resolution of the City of Princeton, Texas, authorizing contribution of right of way funds, authorizing the funding and authorizing the City Manager to execute the agreements." Mayor Pro-Tempore **Deffibaugh made a motion to approve.** Councilmember **Kleiber seconded the motion to approve**. The **motion carried unanimously.**

Mayor **Chacon** then announced the eighth item under the Regular Agenda **(2021-102 Resolution No. 2021-04-26-R02 (Contribution of Right of way Funds): "**Discussion and possible action regarding Resolution No. 2021-04-26-R02 a resolution of the City of Princeton, Texas, authorizing contribution of right of way funds, authorizing the funding, and authorizing the City Manager to execute the agreements." Councilmember **Kleiber made a motion to approve.** Councilmember **Washington seconded the motion to approve**. The **motion carried unanimously.**

Mayor Chacon then announced the City Council would be taking Executive Session at this time: 7:02 p.m. Executive Session: Under terms of Chapter 551 of Texas Government Code the City Council may enter into CLOSED SESSION or Executive Session to discuss the following: Section 551.071 (2) Texas Government Code. Consultation with the City Attorney on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter on any posted agenda items.

Mayor **Chacon** reconvened into Regular Session at 7:55 p.m.

Mayor **Chacon** then announced the ninth item under the Regular Agenda **(2021-103 Resolution No. 2021-04-26-R03 (Tickey Drive Reconstruction): "**Discussion and possible action regarding Resolution No. 2021-04-26-R03 a resolution of the City of Princeton, Texas, Establishing the Funding for the Tickey Drive Reconstruction Project, and authorizing the City Manager to execute the agreements." Mayor Pro-Tempore **Deffibaugh made a motion to approve.** Councilmember **Washington seconded the motion to approve.** The **motion carried unanimously.**

Mayor **Chacon** then announced the tenth item under the Regular Agenda **(2021-**

104: Resolution No. 2021-04-26-R04 (Dogwood Pump Station): "Discussion and possible action regarding Resolution No. 2021-04-26-R04 a resolution of the City of Princeton, Texas Establishing the allocation of additional fund for the construction of the Dogwood Pump Station Tank Mixing and Chloramine Boosting System." Councilmember **Robertson made a motion to approve.** Councilmember **Underwood seconded the motion.** The **motion carried unanimously.**

Mayor **Chacon** then announced the eleventh item under the Regular Agenda **(2021-105 Myrick Lane and CR 546): "**Discussion and possible action regarding the alignment of Myrick Lane to CR 546 and the alignment of the 380 bypass within the City limits of Princeton and direct staff to prepare a resolution regarding the same." Mayor Pro-Tempore **Deffibaugh made a motion to approve.** Councilmember **Underwood seconded the motion**. The **motion carried unanimously.**

Mayor **Chacon** then announced the twelfth item under the Regular Agenda: **(2021-106 Emergency Response Plan (IPO #130): "**Discussion and possible action regarding IPO# 130, the preparation of the Emergency Response Plan for the Princeton Water and Waste Water Plan." Councilmember **Robertson made a motion to approve.** Councilmember **Washington seconded the motion.** The **motion carried unanimously.**

Mayor **Chacon** then announced the thirteenth item under the Regular Agenda: **(2021-107 Lois Nelson Public Library Board):** Discussion and possible action regarding the removal of Kim Winn (Place 4), from the Lois Nelson Public Library Board and making an appointment to fill the vacancy of Place 4. Applications of Interest: John Kusterbeck and Sarah Strawinski." Kim Winn prior to the meeting resigned her position

on the board. Counicl member **Underwood made a motion to appoint Sarah Strawinski to the Lois Nelson Public Library Board Place 4.** Mayor Pro Tempore **Deffibaugh seconded the motion.** The **motion carried unanimously.**

Mayor **Chacon** then announced the fourteenth item under the Regular Agenda**: (2021-108 Princeton Economic Development Corporation): "**Discussion and possible action regarding an appointment to the EDC Board of Directors Place 3, left vacant by the resignation of Dylan Griffiths.Applications of interest: Emarcus Bingham and Natrasha Moss." Councilmember **Washington made a motion to appoint Emarcus Bingham to the PEDC Place 4.** Councilmember **Robertson seconded the motion.** The **motion carried 5-1 with Mayor Pro Tempore voting no.**

Mayor **Chacon** then announced the fifteenth item under the Regular Agenda **(2021-109 NTMWD Board Representative): "**Discussion and possible action regarding the appointment of Mike McCandless to the North Texas Municipal Water District Board as a City of Princeton representative as requested by Councilmember Underwood." This item was tabled to a future agenda.

Mayor **Chacon** then announced the sixteenth item under the Regular Agenda **(2021-110 Home Rule Charter Commission): "**Discussion and possible action regarding the method of selection of a commission to draft a home rule charter for the City of Princeton for consideration by the voters, discussion regarding the election orders necessary to allow the City's voters to cast ballots regarding adoption of a proposed charter prepared by such a commission in May 2022, and direction to City staff with respect to preparations for such elections and providing other support for the home rule charter commission." Councilmember rule **Robertson made a 2 part motion: 1) for**

city staff to be directed to organize a mass meeting for the Princeton residents to select a home charter commission. 2) to prepare an ordinance to put the question on the November 2021 election ballot "shall a commission be chosen to frame a new charter." Mayor Pro Tempore **Deffibaugh seconded the motion**. The **motion carried unanimously.**

Mayor **Chacon** then announced the seventeenth item under the Regular Agenda **(2021-111 Bulls & Pulls): "**Discussion and possible action regarding the Bulls & Pulls Event as requested by Mayor Chacon and presentation by Director of Community Engagement, Tenishea Turner." Councilmember **Underwood made a motion to change the name of the Bulls and Pulls back to the Fall Festival.** Councilmember **Washington seconded the motion. The motion carried unanimously.**

Mayor **Chacon** then announced the eighteenth item under the Regular Agenda**: (2021-112 Community Garden): "**Discussion and possible action regarding a community garden presented by Chase Bryant, Director of Parks and Recreation, as requested by Councilmember Underwood." Councilmember **Underwood made a motion to move forward on conducting a survey to solicit involvement in community gardening.** Councilmember **Kleiber seconded the motion.** The **motion carried unanimously.**

Mayor **Chacon** then announced the nineteenth item under the Regular Agenda**: (113 Future Agenda Items): "**Possible action to approve request for items to be placed on a future agenda and NOT for discussion of these requests." No items were requested.

Mayor **Chacon** then announced the Report Agenda: City Manager: **Derek Borg**

spoke on the following items: Next Regular Teleconference City Council Meeting, Monday, May 10, 2021 @ 6:30 p.m.

Mayor **Chacon** then announced the City Council reports about items of community interest regarding which no action will be taken: Mayor **Chacon announced that on Monday the PTX Diverse group will be planting the tree donated and they would be making an event of that so to please be on the watch for that. The tree will be planted at Parkview Heights park.**

Mayor **Chacon asked for a motion of adjournment of the meeting.** Mayor Pro-Tempore **Deffibaugh made a motion to adjourn.** Councilmember **Washington seconded the motion to adjourn.** The **motion carried unanimously.** The meeting **adjourned at 9:00 p.m.**

_____
Brianna Chacon, Mayor Date

ATTEST:

_____
Tabatha Monk, City Secretary Date

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CITY OF PRINCETON TEXAS, 4A ECONOMIC DEVELOPMENT CORPORATION

RESOLUTION NO. 2021-05-03-R

A RESOLUTION OF THE CITY OF PRINCETON ECONOMIC DEVELOPMENT CORPORATION ADOPTING REVISED GUIDELINES FOR AN ECONOMIC INCENTIVE PROGRAM FOR FAÇADE IMPROVEMENT GRANTS, AUTHORIZING THE CITY MANAGER TO ADMINISTER THE PROGRAM, REPEALING CONFLICTING ENACTMENTS, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Princeton Economic Development Corporation, is a Type A corporation established under Texas law (the "EDC"), to expend funds in support of an economic development project that will promote state or local economic development, to stimulate business and commercial activity in the City of Princeton, Texas ("City"); and

WHEREAS, the EDC may engage in projects which its board finds required or suitable for infrastructure necessary to promote or develop new or expanded business enterprises, including site improvements; and

WHEREAS, the EDC finds that façade improvement grants enhance the marketability of real estate in areas where additional commercial activity is sought to be developed in the City, and that such improvements serve to promote new or expanded business development and enterprises, ultimately providing enhanced sales tax revenues and improve employment opportunities in the City; and

WHEREAS, the EDC finds that the project for façade improvement grants will promote or develop new or expanded business enterprises that create or retain primary jobs; and

WHEREAS, the EDC has found that the Project will promote the City, the EDC, and new or expanded business enterprises; and

WHEREAS, The Princeton Economic Development Corporation wishes to amend its Economic Incentive Program regarding Façade improvements to include the following; and

WHEREAS, the Princeton Economic Development Corporation adopted the Façade Improvement program to incentivize local business to make improvements to existing buildings within the Princeton Overlay District; and

WHEREAS, the Princeton EDC wishes to amend and make these grants available to all businesses located inside the city limits of Princeton; and

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WHEREAS, businesses or property owners that own multiple properties with separate addresses may apply to the EDC for special consideration regarding grouping for projects effecting multiple properties; and

WHEREAS, the Princeton EDC wishes to reduce the requirement of the original 50% participant cost share to 30% for facade improvements not exceeding Ten Thousand Dollars ($10,000) in total cost; and

WHEREAS, the Princeton EDC wishes to have the City Staff administer the program according to the guidelines outlined in **Exhibit A** (incorporated herein for all purposes.

NOW, THEREFORE, BE IT RESOLVED BY THE PRINCETON ECONOMIC DEVELOPMENT CORPORATION THAT:.

Section 1: Program Guidelines Adopted; Administration.

The EDC hereby adopts the Façade Improvement Program guidelines set forth in Exhibit A, and authorizes the City Manager of the City of Princeton, Texas to carry out the administration of the project in accordance with same. The City Manager shall administer the project using only those current funds of EDC budgeted or allocated for such purpose.

Section 2: Effective Date.

This resolution shall be effective immediately upon the date of passage and the policy revisions reflected herein shall control all project applications received after such date.

Section 3: Conflicting enactments.

Any and all prior resolutions, policies, or other orders of the Princeton Economic Development Corporation are hereby repealed to the extent of any conflict with this resolution and Exhibit A.

PASSED by the Princeton Economic Development Corporation, this 3 day of May, 2021.

APPROVED:

Sherry Campbell

President, Sherry Campbell

ATTEST:

City Secretary, Tabatha Monk

CITY OF PRINCETON
THE STATE OF TEXAS

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EXHIBIT A

The City of Princeton Economic Incentive Façade Improvement Program provides a 70/30 shared grant for projects involving up to Ten Thousand Dollars ($10,000) of eligible façade improvement costs in the City of Princeton. Participants are eligible for up to one (1) incentive per twelve (12) month period from completion of previous projects under this program, if applicable. Applicants who meet the three thousand dollar ($3,000) match threshold are also eligible for waiver of building permit fees. Only building permit fees which are part of the incentive application will be waived. Building permit fees for improvements not related to the incentive application and/or is not visible from the street, parking area, or public park are not eligible for fee waiver.

Eligibility:

- Must be an existing building located in the City of Princeton City Limits.
- Eligible facade improvements shall not begin before the application is considered by Princeton Economic Development Corporation and the City Council.
- Improvements must comply with all applicable state and local code requirements.
- Improvements must be on the exterior and visible to the public (street, parking area, or public park).
- Buildings with multiple tenants are eligible for one (1) program incentive per tenant, per twelve (12) month period from completion of previous program projects.

Eligible Improvements Include (but are not limited to):

- Façade facelift: Painting, trim work, cladding
- Front porch additions and enhancements
- New or enhanced attached signage and/or awnings
- Detached signage
- Exterior lighting
- New storefronts
- Window replacement and window framing
- Hardscape improvements such as sidewalk pavers, concrete off-street parking, fencing visible to the public, and lamp posts.

Ineligible improvements include (but are not limited to):

- Interior improvements
- Any facades not visible to the public (street, parking area, or park)

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- Roof repair
- New buildings or new building additions other than exterior additions such as porches and entry features
- Plantings or landscaping
- Outdoor furnishings unless permanently affixed to the building

Application Requirements:

- Completed incentive program application signed by the applicant and the owner of the property (if different from the applicant).
- Cost Proposals: Two (2) written cost proposals from bona fide tradespeople, contractors, or suppliers. One (1) cost proposal must be from a contractor or supplier whose business is located within the Princeton City limits unless no such providers exist, in which case the applicant shall provide documentation in the application materials regarding the necessary qualifications and certifying to the EDC that a diligent search for suitable providers within the City limits was conducted prior to submission.
- Contractor Qualification: One (1) completed "Statement of Contractor's Qualifications" form for each cost proposal. Contractors must be registered with the City of Princeton.
- Exterior photo(s) of the existing building.
- Written description of project proposal.
- Drawings or renderings of project proposal.

Program Guidelines:

- Submission of an application does not guarantee approval.
- All eligibility requirements must be met to be considered for the incentive program.
- Only complete applications will be considered by the Princeton EDC and the City Council for approval. Incomplete applications which are missing required application materials will not be considered and shall expire after six (6) months. The six (6) month time period will begin on the date of the most recent staff correspondence with the applicant. A new completed application shall be submitted in order to resume activity on a grant application.
- Applications will be reviewed and considered by the Princeton EDC on a first-come, first–served basis until all available program funds have been allocated.
- Appropriate permits must be obtained prior to beginning construction.
- Construction of improvements must commence within ninety (90) days of application approval and must be completed within one (1) year of application approval. The applicant may request a one (1) time thirty (30) day extension for construction commencement and a one (1) time (6) month extension to complete the project from the City Manager.
- Any changes or modifications to the approved application shall be approved by Princeton EDC.

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- Payment of the matching incentive funds from EDC shall be in the form of a reimbursement check for up to seventy (70%) percent of the total cost of the improvements to a maximum of Ten Thousand Dollars ($10,000).
- Payment will be made as work is satisfactorily completed according to the terms of the approved program application and all costs are documented with receipts and/or invoices. Payment will not be made for any work completed before the application is considered by Princeton EDC.
- A completed W-9 Form (Request for Taxpayer Identification Number and Certification) provided by the Internal Revenue Service (IRS) will be required by the property owner prior to any payment.
- Improvements completed under the City of Princeton Façade Improvement Matching Incentive Program shall become permanent fixtures of the building and shall not be removed or altered for a period of five (5) years without the express consent of the EDC and the City of Princeton.

GRANT TERMS AND CONDITIONS

This Agreement (consisting of these terms and conditions and all exhibits) is made and entered into by and between the Texas Division of Emergency Management (TDEM), an agency of the State of Texas, hereinafter referred to as " TDEM," and the award recipient, _____, hereinafter referred to as the "Subrecipient." Furthermore, TDEM and the Subrecipient are collectively hereinafter referred to as the "Parties." All subawards made under this agreement are subject to the same terms and conditions below.

Subrecipient may not assign or transfer any interest in this award without the express, prior written consent of TDEM and/or DHS/FEMA or other awarding agency.

a. The term Recipient and pass-through entity have the same meaning as "Grantee," as used in governing statutes, regulations, and DHS/FEMA guidance.

b. A Recipient is also a "non-federal entity" for administration purposes.

c. A Subrecipient is also known as a "Subgrantee" as used in governing statutes regulations and DHS/ FEMA guidance.

d. A Subrecipient is also a "non-federal entity" for administration purposes.

e. The "Grant" referred to in this agreement is an awardto the Subrecipient passed through from TDEM to the Subrecipient.

f. Certifying Official will be the Mayor, Judge, or Executive Director authorized to execute these grant terms and conditions, and to submit changes of Subrecipient Agents.

g. Projects and any subsequent versions for those projects accepted by the Subrecipient and subsequently obligated or deobligated by DHS/FEMA are considered subawards to this grant agreement.

h. TDEM uses contractors to administer subawards, both in communication with Subgrantees and the awarding agency. A Subgrantee's point of contact for all awards will be the regional Recovery or Mitigation Coordinator followed by the regional contractor. Subgrantees should update their primary points of contact with every new award in addition to each time a contact may change.

A. **Standard of Performance**. Subrecipient shall perform all activities as approved by TDEM. Any change to a project shall receive prior written approval by TDEM and, if required, by FEMA or other awarding agency. Subrecipient shall perform all activities in accordance with all terms, provisions and requirements set forth in this Grant, including but not limited to the following Exhibits:

1. Assurances – Non-Construction Programs, hereinafter referred to as "Exhibit A"
2. Assurances – Construction Programs, hereinafter referred to as "Exhibit B"
3. Certifications for Grant Agreements, hereinafter referred to as "Exhibit C"
4. State of Texas Assurances, hereinafter referred to as "Exhibit D"
5. Environmental Review Certification, hereinafter referred to as "Exhibit E"
6. Additional Grant Conditions, hereinafter referred to as "Exhibit F"
7. Additional Grant Certifications, hereinafter referred to as "Exhibit G"
8. Request for Information and Documentation referred to as "Exhibit H"

B. **Failure to Perform**. In the event Subrecipient fails to implement and complete the project(s) approved and awarded, or comply with any provision of this Grant, Subrecipient shall be liable to TDEM for an amount not to exceed the award amount of this Grant and may be barred from applying for or receiving additional DHS/FEMA grant program funds

or any other grant program funds administered by TDEM until repayment to TDEM is made and any other compliance or audit finding is satisfactorily resolved, in addition to any other remedy specified in this Grant. Failure to timely implement and complete projects may reduce future funding in additional DHS/FEMA and/or other grant programs administered by TDEM.

C. **Funding Obligations**. TDEM shall not be liable to Subrecipient for any costs incurred by Subrecipient that are not allowable costs.
1. Notwithstanding any other provision of this Grant, the total of all payments and other obligations incurred by TDEM under this Grant shall not exceed the total cumulative award amounts listed on the Subawards (projects and subsequent versions).
2. Subrecipient shall contribute the match funds listed on the subaward.

Subrecipient shall refund to TDEM any sum of these Grant funds that has been determined by TDEM or DHS/FEMA to be an overpayment to Subrecipient or that TDEM determines has not been spent by Subrecipient in accordance with this Grant. No refund payment(s) shall be made from local, state or federal Grant funds unless repayment with Grant funds is specifically permitted by statute or regulation. Subrecipient shall make such refund to TDEM within thirty (30) calendar days after TDEM requests such refund. If the subrecipient is unable to refund the amount due at the time of request, they may request offset funds from other open projects under the same award or request a payment plan. If a subrecipient does not provide the amount requested within 30 calendar days, TDEM will first offset the amount with any available funds within the same award and may pursue other remedies to receive payment in full.

D. **Performance Period**. The performance period for this Grant is listed on the subaward letter for each project. **All projects shall be completed within the performance period AND all reimbursement requests shall be submitted to TDEM within 60 days of the end of the performance period.** Subrecipient shall have expended all Grant funds and submitted reimbursement requests, invoices and any supporting documentation to TDEM within 60 days of the end of the performance period. TDEM shall not be obligated to reimburse expenses incurred after the performance period or submitted after the deadline.

E. **Uniform Administrative Requirements, Cost Principals and Audit Requirements**. Except as specifically modified by law or this Grant, Subrecipient shall administer this Grant through compliance with the most recent version of all applicable laws and regulations, including but not limited to DHS program legislation, Federal awarding agency regulations, and the terms and conditions of this Grant. A non-exclusive list is provided below [not all may apply in every project]:
- Public Law 93-288, as amended (Stafford Act)
- 44 CFR, Emergency Management and Assistance
- Disaster Mitigation Act of 2000
- OMB Regulations 2 CFR, Grant and Agreements
- Executive Order 11988, Floodplain Management
- Executive Order 11990, Protection of Wetlands
- Executive Order 12372, Intergovernmental Review of Programs and Activities
- Executive Order 12549, Debarment and Suspension
- Executive Order 12612, Federalism

- Executive Order 12699, Seismic Design
- Executive Order 12898, Environmental Justice
- Coastal Barrier Resources Act, Public Law 97-348
- Single Audit Act, Public Law 98-502
- Sandy Recovery Improvement Act publications
- Disaster Recovery Reform Act of 201816 U.S.C. § 470, National Historic Preservation Act
- 16 U.S.C. § 1531, Endangered Species Act References
- FEMA program publications, guidance and policies

F. **State Requirements for Grants**. Subrecipient shall comply with all other federal, state, and local laws and regulations applicable to this Grant including but not limited to the laws and the regulations promulgated in Texas Government Code, Chapter 783, Uniform Grant and Contract Management, (UGMS) at:
http://www.window.state.tx.us/procurement/catrad/ugms.pdf
and the program State Administrative Plan, available at:
https://grants.tdem.texas.gov
Subrecipient shall, in addition to the assurances and certifications, comply and require each of its subcontractors employed in the completion of the project to comply with all applicable statutes, regulations, executive orders, OMB circulars, terms and conditions of this Grant and the approved application.

Grant funds may not be awarded to or expended by any entity which performs political polling. This prohibition does not apply to a poll conducted by an academic institution as part of the institution's academic mission that is not conducted for the benefit of a particular candidate or party.

Grant funds may not be expended by a unit of local government unless the following limitations and reporting requirements are satisfied:

1. Texas General Appropriations Act, Art. IX, Parts 2 and 3, except there is no requirement for increased salaries for local government employees;
2. Texas Government Code Sections 556.004, 556.005, and 556.006, which prohibits using any money or vehicle to support the candidacy of any person for office, influencing positively or negatively the payment, loan, or gift to a person or political organization for a political purpose, and using Grant funds to influence the passage or defeat of legislation including not assisting with the funding of a lobbyist, or using Grant funds to pay dues to an organization with a registered lobbyist;
3. Texas Government Code Sections 2113.012 and 2113.101, which prohibits using Grant funds to compensate any employee who uses alcoholic beverages on active duty and Subrecipient may not use Grant funds to purchase an alcoholic beverage and may not pay or reimburse any travel expense for an alcoholic beverage;
4. Texas General Appropriations Act, Art. IX, Section 6.13, which requires Subrecipient to make every effort to attain key performance target levels associated with this Grant, including performance milestones, milestone time frames, and related performance reporting requirements; and
5. General Appropriations Act, Art. IX, Sections 7.01 and 7.02, and Texas Government Code §2102.0091, which requires that this Grant may only be expended if Subrecipient timely completes and files its reports.

G. **Restrictions and General Conditions**.

1. Use of Funds. DHS/FEMA Grant funds may only be used for the purposes set forth in this

Grant, and shall be consistent with the statutory authority for this Grant. Grant funds may not be used for matching funds for other Federal grants/cooperative agreements, lobbying, or intervention in Federal regulatory or adjudicatory proceedings. In addition,

Federal funds may not be used to sue the Federal government or any other government entity.

2. Federal Employee Prohibition. Federal employees are prohibited directly benefiting from any funds under this Grant.
3. Points of Contacts. Within 10 calendar days of any change, Subrecipient shall notify TDEM of any change in designated of Subrecipient Agents as submitted during the execution of this agreement, and any subsequent changes submitted by Subrecipient. In the event a Subrecipient hires a consultant to assist them with managing its Public Assistance grants, they must be listed on the Designated Subrecipient Agent Form. TDEM will direct all correspondence to the Subrecipient but will cc: the consultant on all email exchanges. The Subrecipient will be responsible for sharing written communications with the consultant. The Subrecipient will remain the primary point of contact and must be included in all decision-making activities.
4. DUNS Number. Subrecipient confirms its Data Universal Numbering Systems (DUNS) Number is accurate and is registered on Sams.gov. The DUNS Number is the nine digit number established and assigned by Dun and Bradstreet, Inc., at 866/705-5711 or http://fedgov.dnb.com/webform
5. Central Contractor Registration and Universal Identifier Requirements. Subrecipient maintains that it has registered on the System for Award Management (SAM) at www.sam.gov or other federally established site for contractor registration, and entered TDEM-required information. Subrecipient shall keep current, and then review and update the information at least annually. Subrecipient shall keep information current in the SAM database until the later of when it submits this Grant's final financial report or receives final Grant award payment. Subrecipient agrees that it shall not make any subaward agreement or contract related to this Grant without first obtaining the vendor/subawardee's mandatory DUNS number. See Section §200.32 of OMB 2 C.F.R.
6. Reporting Total Compensation of Subrecipient Executives. 2 C.F.R. §200.331; see FEMA Information Bulletin 350.
   a. Applicability and what to report: Subrecipient shall report whether Subrecipient received $25 million or more in Federal procurement contracts or financial assistance subject to the Transparency Act per 2 C.F.R. §200.331. Subrecipient shall report whether 80% or more of Subrecipient's annual gross revenues were from Federal procurement contracts or Federal financial assistance. If Subrecipient answers "yes" to both questions, Subrecipient shall report, along with Subrecipient's DUNS number, the names and total compensation (see 17 C.F.R. §229.402(c)(2)) for each of Subrecipient's five most highly compensated executives for the preceding completed fiscal year.
   b. Where and when to report: Subrecipient shall report executive total compensation at www.sam.gov or other federally established replacement site. By signing this Grant, Subrecipient certifies that, if required, Subrecipient's jurisdiction has already registered, entered the required information, and shall keep information in the SAM database current, and update the information at least annually for each year until the later of when the jurisdiction submits its final financial report or receives final payment. Subrecipient agrees that it shall not make any subaward agreement or contract without first obtaining the subawardee's mandatory DUNS number.
7. Debarment and Suspension. Subrecipient shall comply with Executive Order 12549 and 12689, which provide protection against waste, fraud, and abuse by debarring or

suspending those persons deemed irresponsible in their dealings with the Federal government.

8. Direct Deposit. A completed direct deposit form from Subrecipient shall be provided to TDEM, prior to receiving any payments under the provisions of this grant. The direct deposit form is currently available at grants.tdem.texas.gov under Resources/Public Assistance.
9. Property Management and Inventory. Subrecipient shall maintain property/inventory records which, at minimum, shall include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, the cost of the property, the percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property Subrecipient shall develop and implement a control system to prevent loss, damage or theft of property and Subrecipient shall investigate and document any loss, damage or theft of property funded under this Grant.
10. Site Visits. DHS/FEMA and/or TDEM, through its authorized representatives, have the right at all reasonable times to make site visits to review project accomplishments and management control systems and to provide such technical assistance as may be required. If any site visit is made by DHS/FEMA on the premises of Subrecipient or a contractor under this Grant, Subrecipient shall provide and shall require its contractors to provide all reasonable facilities and assistance for the safety and convenience of the government representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner that will not unduly delay the work.

H. **Procurement and Contracting**.

1. Procurements. Subrecipient shall comply with all applicable federal, state, and local laws and requirements, including but not limited to proper competitive solicitation processes where required, for any procurement which utilizes federal funds awarded under this Grant in accordance with 2 C.F.R. 200. 318-326 and Appendix II to Part 200 (A-C) and (E-J)
2. Contract Provisions. All contracts executed using funds awarded under this Grant shall contain the contract provisions listed under 2 C.F.R. 200.326 and Appendix II (A), Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
3. Procurement activities must follow the most restrictive of Federal, State and Local procurement regulations:
    a. Procurement by micro purchase
    b. Procurement by small purchase
    c. Procurement by sealed bid
    d. Procurement by competitive proposal
    e. Procurement by non-competitive proposal, solely when the award of a contract is unfeasible under the other methods

    The State must be contacted for approval to use a noncompetitive procurement method. Failure to follow eligible procurement methods will result in ineligible costs. Other types of agreements for services must have State approval prior to use or execution. A copy of the local procurement policy must be provided to the State before initial payment.

The **cost plus a percentage of cost** and **percentage of construction** cost methods of contracting **are ineligible**.

Must perform **cost/price analysis** for every procurement action in excess of the Simplified Acquisition Threshold.

Must negotiate profit as a separate element where required.

4. Evidence of non-debarment for vendors must be documented through http://www.sam.gov/portal/public/SAM and http://www.window.state.tx.us/procurement/prog/vendor_performance/debarred/ and submitted for review.
5. Comply with rules related to underutilized businesses (small and minority businesses, women's enterprises and labor surplus firms) at 2 CFR 200.321

I. **Monitoring.** Subrecipient will be monitored periodically by federal, state or local entities, both programmatically and financially, to ensure that project goals, objectives, performance requirements, timelines, milestone completion, budget, and other program-related criteria are met.

TDEM, or its authorized representative, reserves the right to perform periodic desk/office-based and/or on-site monitoring of Subrecipient's compliance with this Grant and of the adequacy and timeliness of Subrecipient's performance pursuant to this Grant. After each monitoring visit, if the monitoring visit reveals deficiencies in Subrecipient's performance under this Grant, a monitoring report will be provided to the Subrecipient and shall include requirements for the timely correction of such deficiencies by Subrecipient. Failure by Subrecipient to take action specified in the monitoring report may be cause for suspension or termination of this Grant pursuant to the Suspension and/or Termination Section herein.

J. **Audit**.
1. Audit of Federal and State Funds. Subrecipient shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under this Grant as required by the Single Audit Act (OMB 2 C.F.R. 200.501, formerly A- 133). Subrecipient shall comply, as applicable, with Texas Government Code, Chapter 783, the Uniform Grant Management Standards (UGMS), the State Uniform Administrative Requirements for Grants and Cooperative Agreements.
2. Right to Audit. Subrecipient shall give the United States Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), the Comptroller General of the United States, the Texas State Auditor, TDEM, or any of their duly authorized representatives, access to and the right to conduct a financial or compliance audit of Grant funds received and performances rendered under this Grant. Subrecipient shall permit TDEM or its authorized representative to audit Subrecipient's records. Subrecipient shall provide any documents, materials or information necessary to facilitate such audit.
3. Subrecipient's Liability for Disallowed Costs. Subrecipient understands and agrees that it shall be liable to TDEM for any costs disallowed pursuant to any financial or compliance audit(s) of these funds. Subrecipient further understands and agrees that reimbursement to TDEM of such disallowed costs shall be paid by Subrecipient

from funds that were not provided or otherwise made available to Subrecipient pursuant to this Grant or any other federal contract.

4. Subrecipient's Facilitation of Audit. Subrecipient shall take such action to facilitate the performance of such audit(s) conducted pursuant to this Section as TDEM may require of Subrecipient. Subrecipient shall ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through Subrecipient and the requirement to cooperate is included in any subcontract it awards.
5. State Auditor's Clause. Subrecipient understands that acceptance of funds under this Grant acts as acceptance of the authority of the State Auditor's Office to conduct an audit or investigation in connection with those funds. Subrecipient further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit or investigation, including providing all records requested. Subrecipient shall ensure that this clause concerning the State Auditor's Office's authority to audit funds and the requirement to cooperate fully with the State Auditor's Office is included in any subgrants or subcontracts it awards. Additionally, the State Auditor's Office shall at any time have access to and the rights to examine, audit, excerpt, and transcribe any pertinent books, documents, working papers, and records of Subrecipient relating to this Grant.

K. **Retention and Accessibility of Records**.

1. Retention of Records. Subrecipient shall follow its own internal retention policy, or the state's retention policy, whichever is stricter. At a minimum, the subrecipient shall maintain fiscal records and supporting documentation for all expenditures of this Grant's funds pursuant to the applicable OMB 2 C.F.R. Subpart D – Post Federal Award Requirements, §200.333-337, and this Grant. Subrecipient shall retain these records and any supporting documentation for a minimum of three (3) years from the later of the completion of this project's public objective, submission of the final expenditure report, any litigation, dispute, or audit. Records shall be retained for three (3) years after any real estate or equipment final disposition. The DHS or TDEM may direct Subrecipient to retain documents or to transfer certain records to DHS/FEMA custody when DHS/FEMA determines that the records possess long term retention value.
2. Access to Records. Subrecipient shall give the United States Department of Homeland Security, the Comptroller General of the United States, the Texas State Auditor, TDEM, or any of its duly authorized representatives, access to and the right to examine all books, accounts, records, reports, files, other papers, things or property belonging to or in use by Subrecipient pertaining to this Grant including records concerning the past use of DHS/FEMA funds. Such rights to access shall continue as long as the records are retained by Subrecipient.

L. Changes, Amendments, Suspension or Termination

1. Modification. DHS/FEMA or TDEM may modify this Grant after an award has been made. Once notification has been made in writing, any subsequent request for funds indicates Subrecipient's acceptance of the changes to this Grant. Any alteration, addition, or deletion to this Grant by Subrecipient is not valid.
2. Effect of Changes in Federal and State Laws. Any alterations, additions, or deletions to this Grant that are required by changes in federal and state laws, regulations or policy are automatically incorporated into this Grant without written amendment to this Grant and shall become effective upon the date designated by such law or regulation. In the event DHS/FEMA or TDEM determines that changes are necessary to this Grant after an award has been made, including changes to the period of performance or terms and conditions, Subrecipient shall be notified of the changes in writing. Once notification has

been made, any subsequent request for funds will indicate Subrecipient's acceptance of the changes to this Grant.

3. Suspension. In the event Subrecipient fails to comply with any term of this Grant, TDEM may, upon written notification to Subrecipient, suspend this Grant, in whole or in part, withhold payments to Subrecipient and prohibit Subrecipient from incurring additional obligations of this Grant's funds.
4. Termination. TDEM shall have the right to terminate this Grant, in whole or in part, at any time before the end of the Performance Period, if TDEM determines that Subrecipient has failed to comply with any term of this Grant. TDEM shall provide written notice of the termination and include:
   a. The reason(s) for such termination;
   b. The effective date of such termination; and
   c. In the case of partial termination, the portion of this Grant to be terminated.
   d. Appeal may be made to the Deputy Chief of the Texas Division of Emergency Management - Recovery & Mitigation.

M. **Enforcement**. If Subrecipient materially fails to comply with any term of this Grant, whether stated in a federal or state statute or regulation, an assurance, in a state plan or application, a notice of award, or elsewhere, TDEM or DHS/FEMA may take one or more of the following actions, as appropriate in the circumstances:

1. Increased monitoring of projects and require additional financial and performance reports
2. Require all payments as reimbursements rather than advance payments
3. Temporarily withhold payments pending correction of the deficiency
4. Disallow or deny use of funds and matching credit for all or part of the cost of the activity or action not in compliance;
5. Request DHS/FEMA to wholly or partially de-obligate funding for a project
6. Temporarily withhold cash payments pending correction of the deficiency by subrecipient or more severe enforcement action by TDEM or DHS/FEMA;
7. Withhold further awards for the grant program
8. Take other remedies that may be legally available

In taking an enforcement action, TDEM will provide Subrecipient an opportunity for a hearing, appeal, or other administrative proceeding to which Subrecipient is entitled under any statute or regulation applicable to the action involved.

The costs of Subrecipient resulting from obligations incurred by Subrecipient during a suspension or after termination of this Grant are not allowable unless TDEM or DHS/FEMA expressly authorizes them in the notice of suspension or termination or subsequently.

Other Subrecipient costs during suspension or after termination which are necessary and not reasonably avoidable are allowable if:

- The costs result from obligations which were properly incurred by Subrecipient before the effective date of suspension or termination, are not in anticipation of it, and in the case of a termination, are non-cancellable; and
- The costs would be allowable if this Grant were not suspended or expired normally at the end of the funding period in which the termination takes effects.

The enforcement remedies identified in this section, including suspension and termination, do not preclude Subrecipient from being subject to "Debarment and Suspension" under E.O.

12549. 2 C.F.R., Appendix II to Part 200, (I).

N. **Conflicts of Interest**. The subrecipient will maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts and will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.

O. **Closing of this Grant**. TDEM will close each subaward after receiving all required final documentation from the Subrecipient. If the close out review and reconciliation indicates that Subrecipient is owed additional funds, TDEM will send the final payment automatically to Subrecipient. If Subrecipient did not use all the funds received, TDEM will recover the unused funds.

At the completion and closure of all Subrecipient's projects (subawards), TDEM will request the Subrecipient to Certify the completion of all projects (subawards) in accordance with the grant terms and conditions to state there are no further claims under this subgrant.
The closeout of this Grant does not affect:

1. DHS/FEMA or TDEM's right to disallow costs and recover funds on the basis of a later audit or other review;
2. Subrecipient's obligation to return any funds due as a result of later refunds, corrections, or other transactions;
3. Records retention requirements, property management requirements, and audit requirements, as set forth herein; and
4. Any other provisions of this Grant that impose continuing obligations on Subrecipient or that govern the rights and limitations of the parties to this Grant after the expiration or termination of this Grant.

P. **Notices.** All notices and other communications pertaining to this agreement shall be delivered in electronic format and/or writing and shall be transmitted by fax, e-mail, personal hand-delivery (and receipted for) or deposited in the United States Mail, as certified mail, return receipt requested and postage prepaid, to the other party.

EXHIBIT A

ASSURANCES - NON-CONSTRUCTION PROGRAMS See Standard Form 424B

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this Grant.

2. Will give the Department of Homeland Security, the Texas Division of Emergency Management, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to this Grant and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.

4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.

5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).

6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686 and 44 C.F.R. Part 19), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which agreement for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

7. Will comply or has already complied with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.

8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction sub-agreements.

10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.

11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190 as amended by 42 U.S.C. 4311 et seq. and Executive Order (EO) 11514) which establishes national policy goals and procedures to protect and enhance the environment, including protection against natural disasters. To comply with NEPA for DHS grant-supported activities, DHS-FEMA requires the environmental aspects to be reviewed and evaluated before final action on the application; (b) notification of violating facilities pursuant to EO 11738;
(c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) comply with the Clean Air Act of 1977, (42 U.S.C. §§7401 et seq. and Executive Order 11738) providing for the protection of and enhancement of the quality of the nation's air resources to promote public health and welfare and for restoring and maintaining the chemical, physical, and biological integrity of the nation's waters; (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93- 205).

12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).

14. Will comply with P.L. 93-348, 45 C.F.R. 46, and DHS Management Directive 026-044 (Directive) regarding the protection of human subjects involved in research, development, and related activities supported by this Grant. "Research" means a systematic investigation, including research, development, testing, and evaluation designed to develop or contribute to general knowledge. See Directive for additional provisions for including humans in the womb, pregnant women, and neonates (Subpart B); prisoners (Subpart C); and children (Subpart D). See also state and local law for research using autopsy materials.

15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) which requires the minimum standards of care and treatment for vertebrate animals bred for commercial sale, used in research, transported commercially, or exhibited to the public according to the Guide for Care and Use of Laboratory Animals and Public Health Service Policy and Government Principals Regarding the Care and Use of Animals.

16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.), which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 (now OMB 2 C.F.R. 200.500), "Audits of States, Local Governments, and Non-Profit Organizations."

18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, grant guidance, and policies governing this Grant.

EXHIBIT B
ASSURANCES - CONSTRUCTION PROGRAMS See Standard Form 424D

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of project described in this Grant.
2. Will give the Department of Homeland Security, the Texas Division of Emergency Management, the Comptroller General of the United States and, if appropriate, the State, the right to examine all records, books, papers, or documents related to this Grant and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of this Grant.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards of merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686 and 44 C.F.R. Part 19), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29) U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statue(s) under which agreement for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statue(s) which may apply to the agreement.
11. Will comply or has already complied with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327- 333) regarding labor standards for federally- assisted construction sub-agreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) as amended by 42 U.S.C. 4311 et seq. and Executive Order (EO) 11514 which establishes national policy goals and procedures to protect and enhance the environment, including protection against natural disasters; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) comply with the Clean Air Act of 1977, (42 U.S.C. §§7401 et seq. and Executive Order 11738) providing for the protection of and enhancement of the quality of the nation's air resources to promote public health and welfare and for restoring and maintaining the chemical, physical, and biological integrity of the nation's waters; (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133 (now OMB 2 C.F.R. 200.500), "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, grant guidance and policies governing this Grant.

Exhibit C

Certifications for Grant Agreements

The undersigned, as the authorized official, certifies the following to the best of his/her knowledge and belief.

A. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee or a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee or a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL Disclosure of Lobbying Activities, in accordance with its instructions.

C. The undersigned shall require that the language of this certification prohibiting lobbying be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

D. As required by Executive Order 12549, Debarment and Suspension, and implemented at 28 C.F.R. Part 67, for prospective participants in primary covered transactions, as defined at 28 C.F.R. Part 67, Section 67.510. (Federal Certification), the Subrecipient certifies that it and its principals and vendors:

   1. Are not debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency. Subrecipient can access debarment information by going to www.sam.gov and the State Debarred Vendor List at: www.window.state.tx.us/procurement/prog/vendor_performance/debarred.

   2. Have not within a three-year period preceding this Grant been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction, violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

   3. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (D)(2) of this certification;

   4. Have not within a three-year period preceding this Grant had one or more public transactions (Federal, State, or local) terminated for cause or default; or

   5. Where Subrecipient is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this Grant. (Federal Certification).

E. Federal funds will be used to supplement existing funds, and will not replace (supplant) funds that have been appropriated for the same purpose. Subrecipient may be required to supply documentation certifying that a reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds.

F. Subrecipient will comply with 2 C.F.R. Part 180, Subpart C as a condition of receiving grant funds and Subrecipient will require such compliance in any subgrants or contract at the next tier.

G. Subrecipient will comply with the Drug-free Workplace Act, in Subpart B of 2 C.F.R. Part 3001.

H. Subrecipient is not delinquent on any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 and form SF-424, item number 17 for additional information and guidance.

I. Subrecipient will comply with all applicable requirements of all other federal laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this Grant.

J. Subrecipient understands that failure to comply with any of the above assurances may result in suspension, termination or reduction of funds in this Grant.

EXHIBIT D

State of Texas Assurances

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. Shall comply with Texas Government Code, Chapter 573, by ensuring that no officer, employee, or member of the Subrecipient's governing body or of the Subrecipient's contractor shall vote or confirm the employment of any person related within the second degree of affinity or the third degree of consanguinity to any member of the governing body or to any other officer or employee authorized to employ or supervise such person. This prohibition shall not prohibit the employment of a person who shall have been continuously employed for a period of two years, or such other period stipulated by local law, prior to the election or appointment of the officer, employee, or governing body member related to such person in the prohibited degree.
2. Shall insure that all information collected, assembled, or maintained by the Subrecipient relative to a project will be available to the public during normal business hours in compliance with Texas Government Code, Chapter 552, unless otherwise expressly prohibited by law.
3. Shall comply with Texas Government Code, Chapter 551, which requires all regular, special, or called meetings of governmental bodies to be open to the public, except as otherwise provided by law or specifically permitted in the Texas Constitution.
4. Shall comply with Section 231.006, Texas Family Code, which prohibits payments to a person who is in arrears on child support payments.
5. Shall not contract with or issue a license, certificate, or permit to the owner, operator, or administrator of a facility if the Subrecipient is a health, human services, public safety, or law enforcement agency and the license, permit, or certificate has been revoked by another health and human services agency or public safety or law enforcement agency.
6. Shall comply with all rules adopted by the Texas Commission on Law Enforcement pursuant to Chapter 1701, Texas Occupations Code, or shall provide the grantor agency with a certification from the Texas Commission on Law Enforcement that the agency is in the process of achieving compliance with such rules if the Subrecipient is a law enforcement agency regulated by Texas Occupations Code, Chapter 1701.
7. Shall follow all assurances. When incorporated into a grant award or contract, standard assurances contained in the application package become terms or conditions for receipt of grant funds. Administering state agencies and subrecipients shall maintain an appropriate contract administration system to ensure that all terms, conditions, and specifications are met. (See UGMS Section _.36 for additional guidance on contract provisions).
8. Shall comply with the Texas Family Code, Section 261.101, which requires reporting of all suspected cases of child abuse to local law enforcement authorities and to the Texas Department of Child Protective and Regulatory Services. Subrecipient shall also ensure that all program personnel are properly trained and aware of this requirement.
9. Shall comply with all federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352), which prohibits discrimination on the basis of race, color, or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps and the Americans with Disabilities Act of 1990 including Titles I, II, and III of the Americans with Disability Act which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities, 44 U.S.C. §§ 12101-12213; (d) the Age Discrimination Act of 1974, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to the nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290dd-3 and 290ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental, or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to this Grant.
10. Shall comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally assisted construction subagreements.
11. Shall comply with requirements of the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (P.L. 91-646), which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Shall comply with the provisions of the Hatch Political Activity Act (5 U.S.C. §§7321-29), which limit the political activity of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Shall comply with the minimum wage and maximum hours provisions of the Federal Fair Labor Standards Act and the Intergovernmental Personnel Act of 1970, as applicable.

14. Shall insure that the facilities under its ownership, lease, or supervision which shall be utilized in the accomplishment of the project are not listed on the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the Federal grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA (EO 11738).

15. Shall comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973, Public Law 93-234. Section 102(a) requires the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any Federal financial assistance for construction or acquisition proposed for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards.

16. Shall comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1977, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).

17. Shall comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

18. Shall assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).

19. Shall comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) which requires the minimum standards of care and treatment for vertebrate animals bred for commercial sale, used in research, transported commercially, or exhibited to the public according to the Guide for Care and Use of Laboratory Animals and Public Health Service Policy and Government Principals Regarding the Care and Use of Animals.

20. Shall comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residential structures.

21. Shall comply with the Pro-Children Act of 1994 (Public Law 103-277), which prohibits smoking within any portion of any indoor facility used for the provision of services for children.

22. Shall comply with all federal tax laws and are solely responsible for filing all required state and federal tax forms.

23. Shall comply with all applicable requirements of all other federal and state laws, executive orders, regulations, and policies governing this program.

24. And its principals are eligible to participate and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state, or local governmental entity and it is not listed on a state or federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement have Exclusions listed at https://www.sam.gov/portal/public/SAM/.

25. Shall adopt and implement applicable provisions of the model HIV/AIDS workplace guidelines of the Texas Department of Health as required by the Texas Health and Safety Code, Ann., Sec. 85.001, et seq.

EXHIBIT E

Environmental Review

As the duly authorized representative of Subrecipient, I certify that Subrecipient:

1. shall assess its federally funded projects for potential impact to environmental resources and historic properties.
2. shall submit any required screening form(s) as soon as possible and shall comply with deadlines established by TDEM. Timelines for the Environmental Planning and Historic Preservation (EHP) review process will vary based upon the complexity of the project and the potential for environmental or historical impact.
3. shall include sufficient review time within its project management plan to comply with EHP requirements. Initiation of any activity prior to completion of FEMA's EHP review will result in a non-compliance finding and TDEM will not authorize or release Grant funds for non-compliant projects.
4. as soon as possible upon receiving this Grant, shall provide information to TDEM to assist with the legally-required EHP review and to ensure compliance with applicable EHP laws and Executive Orders (EO) currently using the FEMA EHP Screening Form OMB Number 1660-0115/FEMA Form 024-0-01 and submitting it, with all supporting documentation, to TDEM for review. These EHP requirements include but are not limited to the National Environmental Policy Act, the National Historic Preservation Act, the Endangered Species Act, EO 11988 – Floodplain Management, EO 11990 – Protection of Wetlands, and EO 12898 – Environmental Justice. Subrecipient shall comply with all Federal, State, and local EHP requirements and shall obtain applicable permits and clearances.
5. shall not undertake any activity from the project that would result in ground disturbance, facility modification, or purchase and use of sonar equipment without the prior approval of FEMA. These include but are not limited to communications towers, physical security enhancements involving ground disturbance, new construction, and modifications to buildings.
6. shall comply with all mitigation or treatment measures required for the project as the result of FEMA's EHP review. Any changes to an approved project description will require re-evaluation for compliance with EHP requirements before the project can proceed.
7. if ground disturbing activities occur during project implementation, Subrecipient shall ensure monitoring of ground disturbance and if any potential archeological resources are discovered, Subrecipient shall immediately cease construction in that area and notify FEMA and the appropriate State Historical Preservation Office.

EXHIBIT F

Additional Grant Conditions

1. Additional damage requiring a new Public Assistance project to be written must be reported within 60 days following the Project Scoping meeting with the State-Federal team (or FEMA process equivalent).

2. All work must be done prior to the approved project completion deadline assigned to each Project (POP). For projects written at 100% complete, documentation must be submitted within 90 days of the Recovery Scoping Meeting (or FEMA process equivalent) or within 90 days of the work completion date (both Hazard Mitigation and Public Assistance), whichever is later, regardless of whether the project has been obligated. Should additional time be required, a time extension request must be submitted which: a.) Identifies the projects requiring an extension. b.) Explains the reason for an extension. c.) Indicates the percentage of work that has been completed. d.) Provides an anticipated completion date. e) Provides detailed milestones documenting expected progress. The reason for an extension must be based on extenuating circumstances or unusual project requirements that are beyond the control of your jurisdiction/organization. **Failure to submit a time extension request 90 days prior to the end of the period of performance may result in reduction or withdrawal of federal funds for approved work.**

3. Any significant change to a project's approved Scope of Work must be reported and approved through TDEM and FEMA before starting the project. Failure to do so will jeopardize grant funding. The Subrecipient shall submit requests for cost overruns requiring additional obligations to TDEM, who will forward to FEMA for review and approval prior to incurring costs. Approval of these requests is not guaranteed and is subject to funding availability. Costs incurred prior to approval of any scope or budget/cost changes may be denied.

4. The Project Completion and Certification Report must be submitted to TDEM within 60 days of all approved work being completed for each project. If any project requires the purchase of insurance as a condition of receiving federal funds, a copy of the current policy must be attached to this report, or Duplication of Benefits form certifying other funds were received to complete the project.

5. A cost overrun appeal on small ($128,900) Public Assistance projects must be reported to the Texas Division of Emergency Management (TDEM) within 60 days of completing the last small project in order to be considered for additional funding.

6. Appeals may be filed on any determination made by FEMA or TDEM. All appeals must be submitted to TDEM within 60 days from receiving written notice of the action you wish to appeal. Should you wish to appeal a determination contained in the project application, the 60 days will start the day the application is signed. Appeals for Alternative Projects will be subject to the terms of the signed agreement for the Alternative Project.

7. Public Assistance program projects will not receive funding until all of the requirements identified in the comments section of the Project Worksheet are met.

8. You may request a payment of funds on projects by initiating a Request for Reimbursement (RFR) in TDEM's Grant Management System (GMS) or an Advance of Funds Request (AFR), and including documentation supporting your request. Small Public Assistance projects are paid upon obligation and will be initiated by TDEM personnel. Payments for open projects must be requested at least quarterly if expenditures have been made in that quarter.

9. Subrecipients will be required to submit quarterly progress reports (QPR) for open large projects and all Hazard Mitigation Grant Program projects using TDEM's GMS. Your assigned Public Assistance and/or Mitigation Coordinator will coordinate the due date for your specific reporting. Reports shall record all

information in an accurate and timely manner for each quarter. Detailed information regarding each item of information required is available on the form in GMS. Public Assistance program small projects are typically exempt from quarterly reporting, however TDEM reserves the right to require QPRs on any smalls requiring a POP extension. The first quarterly report will be due at the end of the first full quarter following the quarter in which the project was obligated. No quarterlies are required for projects that Subrecipient has initiated a closeout request and has provided a certificate of completion. Failure to submit required quarterly reports for two or more quarters can result in withholding or deobligation of funding for Subrecipients until all reports are submitted and up-to-date.

10. Subrecipients expending $750,000 or more in total Federal financial assistance in a fiscal year will be required to provide an audit made in accordance with OMB Uniform Guidance; Cost Principles, Audit, and Administrative Requirements for Federal Awards, Subpart F. A copy of the Single Audit must be submitted to your cognizant State agency or TDEM within nine months of the end of the subrecipient's fiscal year. Consult with your financial officer regarding this requirement. If not required to submit a single audit, a letter must be sent to TDEM certifying to this.

11. Subrecipients will not make any award to any party which is debarred or suspended, or is otherwise excluded from participation in the Federal assistance programs (EO 12549, Debarment and Suspension). Subrecipient must maintain documentation validating review of debarment list of eligible contractors.

12. Subrecipients must keep record of equipment acquired by federal funds for the life cycle of the equipment. A life cycle for most equipment will be three years, but could be longer. If the fair market value of a piece of equipment is valued over $5,000, FEMA will have the right to a portion of proceeds if equipment is sold. If the fair market value of a piece of equipment is less than $5,000, the property can either be retained, sold or designated as surplus with no further obligation to FEMA.

13. TDEM will be using the FEMA Public Assistance Delivery Model to facilitate the writing of project worksheets (Portal). Subrecipient will be responsible for establishing and maintaining an active account in the Portal and to provide and upload timely, all information requested that is needed to write accurate project worksheets. The Portal will provide the Subrecipient visibility of the entire project writing process.

14. TDEM requires the use of its Grant Management System (GMS) for Subrecipient grant management functions. Subrecipient will access GMS to initiate Requests for Reimbursements (RFR), Advance of Funds Requests (AFR), Time Extensions, Scope and Cost change requests, Quarterly Progress Reports, Project Closeouts, Appeals, and other items deemed necessary by TDEM. Requested forms and processes may be adjusted and changed to accommodate GMS processes and requirements. Subrecipient agrees to monitor GMS as necessary to properly manage and complete awarded projects under this agreement.

16. 2 CFR 200.210(a)(15), 2 CFR 200.331(a)(1)(xiii) and (a)(4) make reference to indirect cost rates. The Subrecipient may use the negotiated Indirect Cost Rate approved by its cognizant agency, or may use the 10% de minimis rate of modified total direct costs (MTDC) (as per § 200.414) when receiving Management Costs.

EXHIBIT G

Match Certification

Additional Grant Certifications

Subrecipient certifies that it has the ability to meet or exceed the cost share required for all subawards (Projects) and amendments (versions) under this Grant Agreement.

Duplication of Program Statement

Subrecipient certifies there has not been, nor will there be, a duplication of benefits for this project.

Match Certification

Federal Debt Disclosure

Subrecipient certifies that it is not delinquent on any Federal Debt.

For Hazard Mitigation Projects Only:

Maintenance Agreement

Applicant certifies that if there is a Maintenance Agreement needed for this facility copy of that agreement will be provided to TDEM.

Environmental Justice Statement

Federal Executive Order 12898 compliance requirements – If there are any concentrations of low income or minority populations in or near the HMGP project:

1. Applicant certifies that the HMGP project result will not result in a disproportionately high or adverse effect on low income or minority populations.

   OR

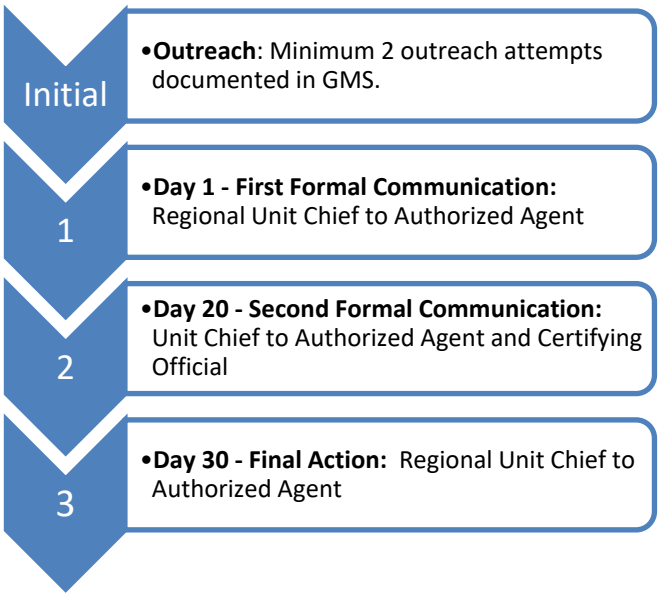
2. Applicant certifies that action will be taken to ensure achievement of environmental justice for low income and minority populations related to this HMGP project.

Formal Request for Information Policy

Timelines for providing complete and accurate information and documentation are crucial to the success of the overall Grant Program and to the timely completion and closure of awarded projects. TDEM has developed a framework to support this endeavor following a progressive series of communications for the subrecipient, referred to as Request for Information (RFI). TDEM will work with subrecipients throughout the Formal RFI process as communication is the key to success.

Scope: This policy will be applied to Public Assistance and Hazard Mitigation projects for management and closeout activities after obligation. This policy will address non-responsive and inadequate responses to request for information. The timelines outlined below represent a single 30-day period, containing three milestones.

Generally, this 30-day RFI Timeline begins after TDEM sufficiently documents communication (minimum of two GMS documented forms of outreach) with the subrecipient that has been escalated up to the Regional Unit Chief regarding the requested documentation. However, nothing limits the ability of TDEM to issue either a First or Second Request.



RFI Timelines

First Formal Communication

The TDEM Regional Unit Chief will issue a read-receipt, high importance email to the subrecipient's Authorized Agent(s) highlighting previous requests and allowing thirty calendar days to provide the requested information.

Second Formal Communication

TDEM staff will issue a formal reminder through a letter signed by the Unit Chief which is then emailed to the subrecipient's Authorized Agent(s) and Certifying Official informing them of the final ten business days remaining to provide the requested information. The Assistant Chief is to be copied on the email for visibility.

Final Action	If the RFI is not sufficiently answered, the Unit Chief will verbally contact the subrecipient's Authorized Agent(s) informing them of TDEM's intent to proceed with deobligation of funds or other remedies deemed appropriate by TDEM. Deobligation requires any previously paid funds to be returned to TDEM within thirty calendar days, per the State Administrative Plan.

GRANT TERMS AND CONDITIONS

Please initial by each Exhibit, acknowledging you have received them, understand them, and agree to abide by them.

_____ Assurances – Non-Construction Programs, hereinafter referred to as “Exhibit A”

_____ Assurances – Construction Programs, hereinafter referred to as “Exhibit B”

_____ Certifications for Grant Agreements, hereinafter referred to as “Exhibit C”

_____ State of Texas Assurances, hereinafter referred to as “Exhibit D”

_____ Environmental Review Certification, hereinafter referred to as “Exhibit E”

_____ Additional Grant Conditions, hereinafter referred to as “Exhibit F”

_____ Additional Grant Certifications, hereinafter referred to as “Exhibit G”

_____ Request for Information and Documentation referred to as “Exhibit H”

Please sign below to acknowledged acceptance of the grant and all exhibits in this agreement, and to abide by all terms and conditions.

_____ _____

Signature of Certifying Official **Date**

_____

Printed Name and Title

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type.
See **Specific Instructions** on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN,* later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number

☐☐ – ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person ▶** **Date ▶**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting,* later, for further information.

Note: If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

4. The type and amount of income that qualifies for the exemption from tax.

5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 24% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,

2. You do not certify your TIN when required (see the instructions for Part II for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code,* later, and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships,* earlier.

What is FATCA Reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code,* later, and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note: ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box on line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box on line 3.

IF the entity/person on line 1 is a(n) . . .	THEN check the box for . . .
• Corporation	Corporation
• Individual • Sole proprietorship, or • Single-member limited liability company (LLC) owned by an individual and disregarded for U.S. federal tax purposes.	Individual/sole proprietor or single-member LLC
• LLC treated as a partnership for U.S. federal tax purposes, • LLC that has filed Form 8832 or 2553 to be taxed as a corporation, or • LLC that is disregarded as an entity separate from its owner but the owner is another LLC that is not disregarded for U.S. federal tax purposes.	Limited liability company and enter the appropriate tax classification. (P= Partnership; C= C corporation; or S= S corporation)
• Partnership	Partnership
• Trust/estate	Trust/estate

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space on line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)

2—The United States or any of its agencies or instrumentalities

3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

4—A foreign government or any of its political subdivisions, agencies, or instrumentalities

5—A corporation

6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession

7—A futures commission merchant registered with the Commodity Futures Trading Commission

8—A real estate investment trust

9—An entity registered at all times during the tax year under the Investment Company Act of 1940

10—A common trust fund operated by a bank under section 584(a)

11—A financial institution

12—A middleman known in the investment community as a nominee or custodian

13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over $600 required to be reported and direct sales over $5,000[1]	Generally, exempt payees 1 through 5[2]
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

[1] See Form 1099-MISC, Miscellaneous Income, and its instructions.

[2] However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note: You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns. If this address differs from the one the requester already has on file, write NEW at the top. If a new address is provided, there is still a chance the old address will be used until the payor changes your address in their records.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN.

If you are a single-member LLC that is disregarded as an entity separate from its owner, enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note: See *What Name and Number To Give the Requester,* later, for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at *www.SSA.gov*. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at *www.irs.gov/Businesses* and clicking on Employer Identification Number (EIN) under Starting a Business. Go to *www.irs.gov/Forms* to view, download, or print Form W-7 and/or Form SS-4. Or, you can go to *www.irs.gov/OrderForms* to place an order and have Form W-7 and/or SS-4 mailed to you within 10 business days.

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if item 1, 4, or 5 below indicates otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code,* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), ABLE accounts (under section 529A), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account) other than an account maintained by an FFI	The actual owner of the account or, if combined funds, the first individual on the account[1]
3. Two or more U.S. persons (joint account maintained by an FFI)	Each holder of the account
4. Custodial account of a minor (Uniform Gift to Minors Act)	The minor[2]
5. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee[1]
b. So-called trust account that is not a legal or valid trust under state law	The actual owner[1]
6. Sole proprietorship or disregarded entity owned by an individual	The owner[3]
7. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	**Give name and EIN of:**
8. Disregarded entity not owned by an individual	The owner
9. A valid trust, estate, or pension trust	Legal entity[4]
10. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
11. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
12. Partnership or multi-member LLC	The partnership
13. A broker or registered nominee	The broker or nominee
14. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
15. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

[1] List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

[2] Circle the minor's name and furnish the minor's SSN.

[3] You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

[4] List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships,* earlier.

***Note:** The grantor also must provide a Form W-9 to trustee of trust.

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records From Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Pub. 5027, Identity Theft Information for Taxpayers.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to *phishing@irs.gov.* You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at *spam@uce.gov* or report them at *www.ftc.gov/complaint.* You can contact the FTC at *www.ftc.gov/idtheft* or 877-IDTHEFT (877-438-4338). If you have been the victim of identity theft, see *www.IdentityTheft.gov* and Pub. 5027.

Visit *www.irs.gov/IdentityTheft* to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

Texas Division of Emergency Management
Designation of Subrecipient Agent

Primary Contacts

Subrecipient:	
Disaster Number(s): DR-4886	Grant Program: PA

Primary Agent
Serves as the primary point of contact for projects.

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	The Primary Agent will have full GMS access

Secondary Agent
Serves as the secondary point of contact for projects.

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	The Secondary Agent will have full GMS access

Primary Finance Agent
Serves as the primary point of contact for financial matters.

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	The Primary Finance Contact will have full GMS access

Certifying Official
Serves as the official representative of the organization.
Must possess the authority to obligate funds & enter into contracts for the organization.

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	GMS Access (pick 1) Full ☐ Read Only ☐ None ☐

The above Primary and Secondary Agents are hereby authorized to execute and file the application on behalf of this organization for the purpose of obtaining certain state and federal financial assistance under the Robert T. Stafford Disaster Relief & Emergency Assistance Act, (Public Law 93-288 as amended) or otherwise available. Primary Financial Agent and the Certifying Official are authorized to represent and act for this organization in all financial operations pertaining to this grant with the State of Texas. The Primary Agent will have authority to add or remove users within the Texas Division of Emergency Management (TDEM) Grant Management System (GMS) for all grants.

*Note: All email addresses must be unique to user

Signature of Certifying Official Print Name Date
(Must be a Mayor, Judge, or Executive Director with the authority to obligate funds & enter into contracts for the organization)

Texas Division of Emergency Management
Designation of Subrecipient Agent

Alternate Contacts (Optional)

Subrecipient:	
Disaster Number(s):	Grant Program:

Alternate Contact
List any additional contact here

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	GMS Access (pick 1) Full ☐ Read Only ☐ None ☐

If this contact replaces an existing contact, write their name below. Otherwise, leave blank or mark N/A

Alternate Contact
List any additional contact here

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	GMS Access (pick 1) Full ☐ Read Only ☐ None ☐

If this contact replaces an existing contact, write their name below. Otherwise, leave blank or mark N/A

Alternate Contact
List any additional contact here

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	GMS Access (pick 1) Full ☐ Read Only ☐ None ☐

If this contact replaces an existing contact, write their name below. Otherwise, leave blank or mark N/A

Alternate Contact
List any additional contact here

Name:	Office Number:
Position/Job Title:	Fax Number:
Organization/employer:	Cell Number:
Email*	GMS Access (pick 1) Full ☐ Read Only ☐ None ☐

If this contact replaces an existing contact, write their name below. Otherwise, leave blank or mark N/A

Additional Contacts are authorized to represent and act for this organization in all operations pertaining to this grant with the State of Texas.

*Note: All email addresses must be unique to user

Signature of Certifying Official Print Name Date
(Must be a Mayor, Judge, or Executive Director with the authority to obligate funds & enter into contracts for the organization)

Instructions:

- The Designation of Subrecipient Agent (DSA) form is divided into two pages, the Primary Contacts page and the optional Alternate Contacts page. The second page is not required if there are no additional contacts to list.
- In the header of the document, list the name of the subrecipient (the organization applying for the grant), as well as the disaster numbers and grant program this DSA applies to (the disaster number is 4 digits long and assigned by FEMA. For example, Hurricane Harvey is 4332. The grant program is either PA for Public Assistance or HMGP for Hazard Mitigation Grant Program.)
- Multiple disasters may be listed on one DSA as long as specific disaster numbers are indicated.
- None of the positions on the primary contact page may be left blank. However, the same person may hold multiple positions. Contacts may be left blank on the additional contact page.
- If a third party consultant/contractor is listed on the DSA, the agency that they are employed by should be listed in the Organization/Employer field.
- All contacts require a unique email address. Additionally, contacts on the DSA cannot share the same email address.
- All contacts must have a phone number listed.
- Granting a contact full Grants Management System (GMS) access will allow them to perform tasks such as submitting quarterly reports and requesting reimbursements, time extensions and scope/cost modifications within the State of Texas Grant Management System on behalf of the subrecipient. Granting a contact Read Only access will allow a contact to view information in GMS, but they will not be able to edit any existing information themselves.
- The Primary, Secondary, and Finance Agents will always be granted full GMS access for all grants within the program selected.
- The subrecipient can request that GMS access be added or revoked from a contact at any time if the need arises.
- The Certifying Official must be an individual who possesses the authority to obligate funds and enter into contracts on behalf of the subrecipient.
- Both pages, if applicable, of the DSA must be signed and dated by the certifying official.
- If a new DSA is submitted with a different person listed for a position on the primary contact sheet, the old contact holding that position will be removed. If a new contact is added on the additional contacts page, no old contacts will be removed unless they are specified in the field provided.

Comptroller of Public Accounts FORM 74-176 (Rev.4-14/18)

PRINT FORM | CLEAR FIELDS

Direct Deposit Authorization

This form may be used by vendors, individual recipients or state employees to receive payments from the state of Texas by direct deposit or to change/cancel existing direct deposit information.

Transaction Type

SECTION 1

- ☐ New setup *(Sections 2, 3, 5 and 6)*
- ☐ Change financial institution *(Sections 2, 3, 4, 5 and 6)*
- ☐ Change account number *(Sections 2, 3, 4, 5 and 6)*
- ☐ Change account type *(Sections 2, 3, 4, 5 and 6)*
- ☐ Cancellation *(Sections 2 and 6 - Sections 7 and 8 for state agency use)*

Payee Identification

SECTION 2

Payee type
- ☐ State employee
- ☐ Vendor or other recipient

- ☐ Texas Identification Number (TIN)
- ☐ Individual Taxpayer Identification Number (ITIN)
- ☐ Employer Identification Number (EIN)
- ☐ Social Security Number (SSN) *

Mail code *(If not known, leave blank.)*

Payee name	Phone number ext.

Mailing address	City	State	ZIP code

New Account Information (Setups and Changes) *(Completion by financial institution is recommended.)*

SECTION 3

Financial institution name	City	State

Routing transit number *(9 digits)*	Customer account number *(maximum 17 characters)*	Type of account ☐ Checking ☐ Savings

Financial representative name *(optional)*	Title *(optional)*

Financial representative signature *(optional)*	Phone number *(optional)* ext.	Date *(optional)*

Existing Account Information (Changes Only)

SEC 4

Routing transit number *(9 digits)*	Customer account number *(maximum 17 characters)*	Type of account ☐ Checking ☐ Savings

International Payments Verification *(required)*

SEC 5

Will these payments be forwarded to a financial institution outside the United States?..... ☐ YES ☐ NO

If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227).

Authorization for Setup, Changes or Cancellation *(required)*

SECTION 6

I authorize the Texas Comptroller of Public Accounts to deposit my payments from the state of Texas to my financial institution electronically.
I understand that the Texas Comptroller of Public Accounts will reverse any payments made to my account in error.
I further understand that the Texas Comptroller of Public Accounts will comply at all times with the National Automated Clearing House Association's rules. *(For further information on these rules, please contact your financial institution.)*

sign here ▶ Authorized signature	Printed name	Date

Cancellation by Agency *(for state agency use)*

SEC 7

Reason	Date

Authorized Signature *(for state agency use)*

SECTION 8

sign here ▶ Signature	Date
Phone number ext.	Agency number
Agency name	
Comments	

Please return your completed form to:

Instructions for Direct Deposit Authorization

You have certain rights *under Chapters 552 and 559, Government Code, to review, request and correct information we have on file about you. To request information for review or to request error correction, use the contact information on this form.*

Section 1: Transaction Type

Select the appropriate transaction type(s).

Section 2: Payee Identification

Select payee type, provide the Texas Identification Number (TIN), Employer Identification Number (EIN) Social Security Number (SSN)* or Individual Taxpayer Identification Number (ITIN) and enter payee contact information.

***Federal Privacy Act Statement**

Disclosure of your Social Security number is required and authorized under law, for the purpose of tax administration and identification of any individual affected by applicable law, 42 U.S.C. sec. 405(c)(2)(C)(i); Texas Govt. Code Sections 403.011, 403.056, and 403.078. Release of information on this form in response to a public information request will be governed by the Public Information Act, Chapter 552, Government Code, and applicable federal law.

Section 3: New Account Information (Needed for setups and changes)

Completion by financial institution is recommended.

Important: Your direct deposit account information may be different from the account information printed on your checks. It is recommended that you contact your financial institution to confirm your direct deposit account information.

Prenote Test:
A prenote test will be sent to your financial institution for the account information provided. The prenote test is for a period of six banking days, and it is sent to your financial institution to verify your account information. If no further action is required by your financial institution, your direct deposit instructions will become effective when the six banking day prenote time frame has expired.

Section 4: Existing Account Information (Needed for changes to existing account information)

When requesting a change to your existing direct deposit account information, you must complete Section 4 with the existing account information for verification purposes. This measure will help the paying state agency verify accuracy of the requested change.

Any change to banking information begins a prenote test period. See explanation in Section 3, above.

Section 5: International Payments Verification

Check "YES" or "NO" to indicate if direct deposit payments to the account information designated in Section 3 of this form will be forwarded to a financial institution outside the United States. If "YES," also complete the ACH (Direct Deposit) Payment Destination Confirmation (Form 74-227).

Section 6: Authorization for Setup, Changes or Cancellation

Must be completed in its entirety, and no alterations to the authorization language will be accepted.

For State Agency Use

Section 7: Cancellation by Agency

Provide reason for cancellation request.

Section 8: Authorized Signature

For state agency use only.

Proclamation

Whereas, public works professionals focus on infrastructure, facilities and services that are of vital importance to sustainable and resilient communities and to the public health, high quality of life and well-being of the people of the **City of Princeton**; and,

Whereas, these infrastructure, facilities and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers and employees at all levels of government and the private sector, who are responsible for rebuilding, improving and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and,

Whereas, it is in the public interest for the citizens, civic leaders and children in the **City of Princeton** to gain knowledge of and to maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; and,

Whereas, the year 2021 marks the 61st annual National Public Works Week sponsored by the American Public Works Association/Canadian Public Works Association be it now,

Therefore, I, **Brianna Chacon, Mayor of the City of Princeton**, do hereby designate the week May 16 – 22, 2021 as National Public Works Week; I urge all citizens to join with representatives of the American Public Works Association/Canadian Public Works Association and government agencies in activities, events and ceremonies designed to pay tribute to our public works professionals, engineers, managers and employees and to recognize the substantial contributions they make in protecting our national health, safety, and quality of life.

In Witness Whereof, I have hereunto set my hand and caused the Seal of the City.

DONE at **City of Princeton, Texas** this ____10____ day of __May_____ 2021.

_____
Honorable Brianna Chacon, Mayor

Attest:

_____
Tabatha Monk, City Secretary

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS	§
COUNTY OF COLLIN	§
CITY OF PRINCETON	§

We, the undersigned officers of the City of Princeton (the "City"), hereby certify as follows:

1. The City Council of said City convened in regular meeting on May 10, 2021, at the designated meeting place, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Brianna Chacon, Mayor	David Kleiber, Place 1
Mike Robertson, Place 2	Bryan Washington, Place 3
Keven Underwood, Place 4	Steve Deffibaugh, Place 5 and Mayor Pro-Tempore

and all of said persons were present except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written resolution entitled

> RESOLUTION APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF PRINCETON, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (BROOKSIDE PUBLIC IMPROVEMENT DISTRICT PHASE 2 AND 3 PROJECT)"

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said Resolution be adopted and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following vote:

AYES: __ NOES: ___ ABSTAIN: ___

2. That a true, full and correct copy of the aforesaid Resolution adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Resolution has been duly recorded in said City Council's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the adoption of said Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Resolution would be introduced and considered for adoption at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

3. That the Mayor of said City has approved and hereby approves the aforesaid Resolution; that the Mayor and the City Secretary of said City have duly signed said Resolution; and that the Mayor and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

SIGNED AND SEALED ON MAY 10, 2021.

_____
Mayor
City of Princeton, Texas

_____
City Secretary
City of Princeton, Texas

(CITY SEAL)

CITY OF PRINCETON, TEXAS

RESOLUTION NO. 2021-_____

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF PRINCETON, TEXAS, SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (BROOKSIDE PUBLIC IMPROVEMENT DISTRICT PHASE 2 AND 3 PROJECT)"

WHEREAS, this City Council (the "Council") created the Brookside Public Improvement District (the "District"); and

WHEREAS, this Council intends to issue "City of Princeton, Texas, Special Assessment Revenue Bonds, Series 2021 (Brookside Public Improvement District Phase 2 and 3 Project)" (the "Bonds"), to reimburse the developer for costs of public improvements constructed within the District; and

WHEREAS, there has been presented to this Council a Preliminary Limited Offering Memorandum relating to the Bonds (the "Offering Document") attached as ***Exhibit A***; and

WHEREAS, this Council finds and determines that it is necessary and in the best interests of the City of Princeton, Texas (the "City") to approve the preliminary form and content of the Offering Document and authorize the use of the Offering Document in the offering and sale of the Bonds by the Underwriter of the Bonds, FMSbonds, Inc.;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PRINCETON, TEXAS, THAT:

Section 1. The form and content of the Offering Document substantially in the form attached hereto is hereby approved, and the City Manager of the City, the City's bond counsel and the City's financial advisor are authorized to distribute the same, with such changes, addenda, supplements or amendments as may be approved by the Mayor, the City Manager, the City's bond counsel or the City's financial advisor. The City hereby authorizes the Offering Document, in the final form approved by the Mayor or City Manager, to be used by the Underwriter in connection with the marketing and sale of the Bonds.

Section 2. This Resolution shall be effective immediately upon its adoption.

EXHIBIT A

OFFERING DOCUMENT

See attached

NEW ISSUE **NOT RATED**

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED [_____], 2021

THE BONDS ARE INITIALLY OFFERED ONLY TO "ACCREDITED INVESTORS" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933) AND "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OF 1933). SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under "TAX MATTERS" herein.

$3,226,000*
CITY OF PRINCETON, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(BROOKSIDE PUBLIC IMPROVEMENT DISTRICT PHASE 2 AND 3 PROJECT)

Dated Date: June 1, 2021
Interest to Accrue from Date of Delivery (as defined herein) **Due: September 1, as shown on the inside cover**

The City of Princeton, Texas, Special Assessment Revenue Bonds, Series 2021 (Brookside Public Improvement District Phase 2 and 3 Project) (the "Bonds"), are being issued by the City of Princeton, Texas (the "City"). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of $25,000 of principal amount and any integral multiple of $5,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing [September 1, 2021]*, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Regions Bank, as trustee (the "Trustee"), to Cede & Co. as the registered owner thereof. See "BOOK-ENTRY-ONLY SYSTEM."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") on May 24, 2021, and an Indenture of Trust, dated as of [June 1], 2021 (the "Indenture"), entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing all or a portion of the actual costs of the Phase 2 and 3 Improvements (as defined herein), (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuance of the Bonds. See "THE PHASE 2 AND 3 IMPROVEMENTS" and "APPENDIX B — Form of Indenture." Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues (as defined herein), consisting primarily of the Assessments (as defined herein) levied against assessed parcels in Phase 2 and 3 (as defined herein) of the District in accordance with an Amended and Restated Service and Assessment Plan (as defined herein) and other funds comprising the Trust Estate (as defined herein), all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See "SECURITY FOR THE BONDS." The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption "DESCRIPTION OF THE BONDS — Redemption Provisions."

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX D — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the City by its counsel, Wolfe, Tidwell & McCoy, LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP and for the Developer by the Regional Counsel of Meritage Homes Corporation, and by its special counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about [_____], 2021 (the "Date of Delivery").

FMSbonds, Inc.

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

* *Preliminary; subject to change.*

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

CUSIP Prefix: _____[a]

$3,226,000*
CITY OF PRINCETON, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(BROOKSIDE PUBLIC IMPROVEMENT DISTRICT PHASE 2 AND 3 PROJECT)

$_____ _____% Term Bonds, Due September 1, 20__, Priced to Yield ____%; CUSIP ___[a] [b] [c]

$_____ _____% Term Bonds, Due September 1, 20__, Priced to Yield ____%; CUSIP ___[a] [b] [c]

$_____ _____% Term Bonds, Due September 1, 20__, Priced to Yield ____%; CUSIP ___[a] [b] [c]

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.

(b) The Bonds are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after _____, 20__, at the redemption price of 100% of principal amount thereof, plus accrued interest to the date of redemption, as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

(c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

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* *Preliminary; subject to change.*

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Term Expires
Honorable Brianna Chacon Mayor	November 2021
David Kleiber Councilmember	November 2021
Mike Robertson Councilmember	November 2021
Honorable Steven Deffibaugh Mayor Pro-Tem	November 2021
Bryan Washington Councilmember	November 2022
Keven Underwood Councilmember	November 2022

SELECTED ADMINISTRATIVE STAFF

Name	Position
Derek Borg	City Manager
Tabatha Monk	City Secretary
Carron Prigmore	Finance Director

ASSESSMENT CONSULTANT AND PID ADMINISTRATOR
30 Three Sixty Public Finance, Inc.

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
McCall, Parkhurst & Horton L.L.P.

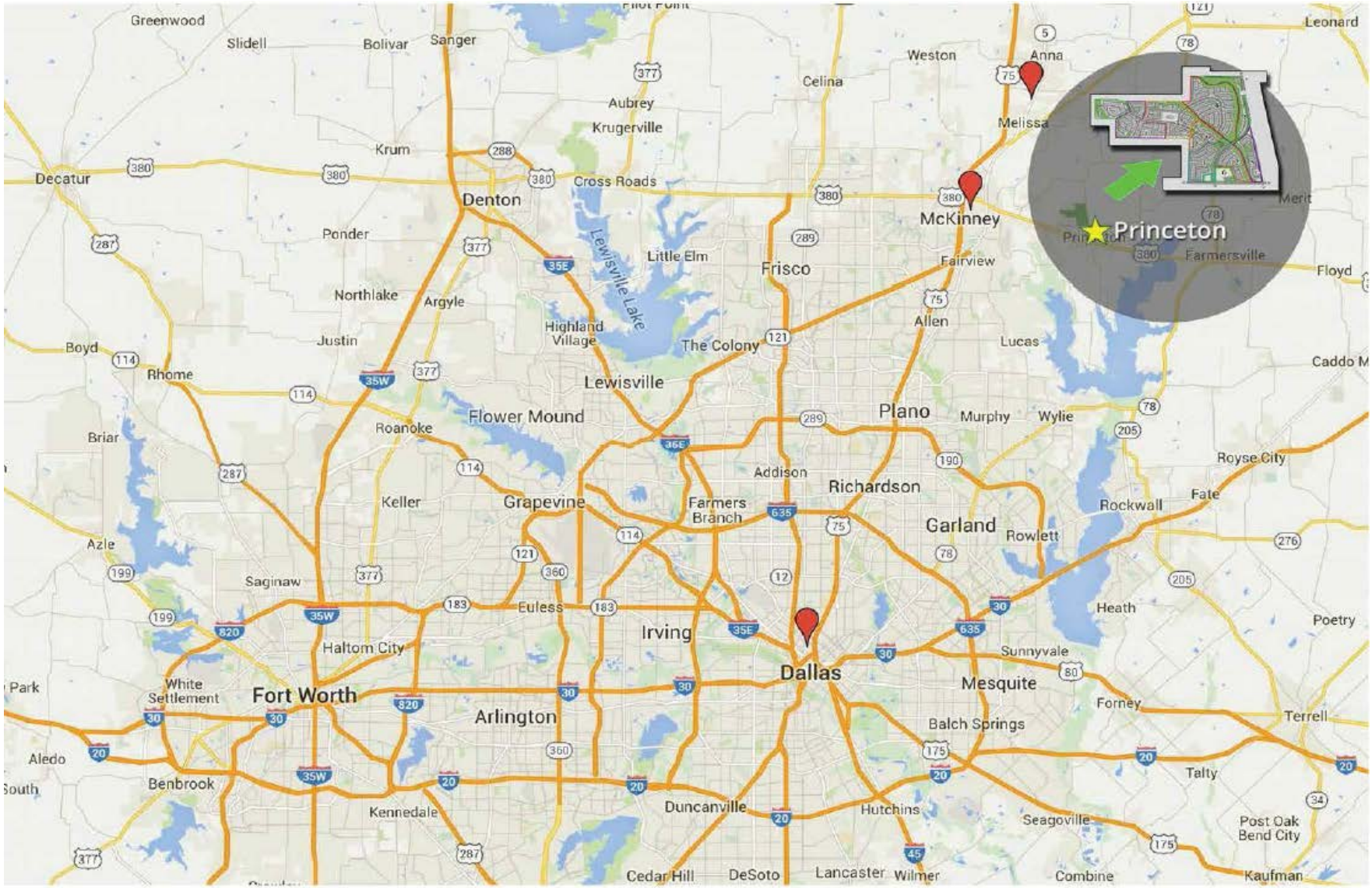
CITY'S COUNSEL
Wolfe, Tidwell & McCoy, LLP

For additional information regarding the City, please contact:

Mr. Derek Borg
City Manager
City of Princeton
123 West Princeton Rd.
Princeton, Texas 75407
(972) 734-2416

Boyd London
Managing Director
Hilltop Securities Inc.
1201 Elm Street, Suite 350
Dallas, Texas 75270
(214) 953-4013

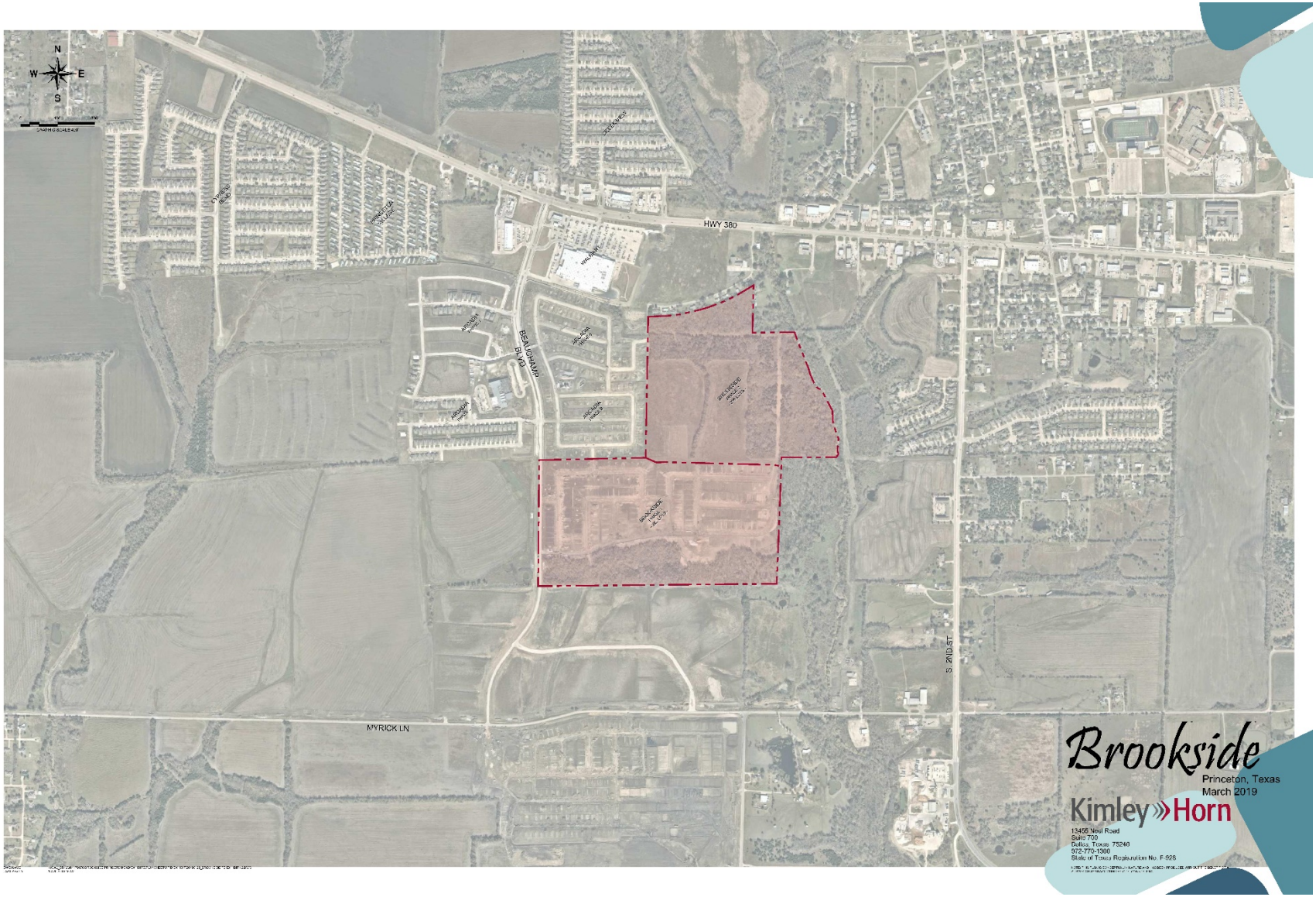
REGIONAL LOCATION MAP OF THE DISTRICT



4160-7927-9147.1

AREA LOCATION MAP OF THE DISTRICT

MAP SHOWING BOUNDARIES OF THE DISTRICT



4160-7927-9147.1

MAP SHOWING CONCEPT PLAN OF PHASES 1, 2 AND 3 OF THE DISTRICT

4160-7927-9147.1

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

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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE

MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECT," "ANTICIPATE," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY NEITHER PLANS TO ISSUE ANY UPDATES OR REVISIONS NOR PLANS TO REQUEST THAT THE DEVELOPER PROVIDE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

$3,226,000*
CITY OF PRINCETON, TEXAS,
(a municipal corporation of the State of Texas located in Collin County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(BROOKSIDE PUBLIC IMPROVEMENT DISTRICT PHASE 2 AND 3 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover and the appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Princeton, Texas (the "City"), of its $3,226,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Brookside Public Improvement District Phase 2 and 3 Project) (the "Bonds").

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the "City Council") on May 24, 2021 (the "Bond Ordinance"), and an Indenture of Trust, dated as of [June 1], 2021 (the "Indenture"), entered into by and between the City and Regions Bank, as trustee (the "Trustee"). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenue from special assessments (the "Assessments") levied pursuant to a separate ordinance adopted by the City Council on January 11, 2021 (the "Assessment Ordinance") against assessed parcels (the "Assessed Property") located within Phase 2 and 3 (as defined herein) of the Brookside Public Improvement District (the "District") all to the extent and upon the conditions described in the Indenture. See "SECURITY FOR THE BONDS" and "ASSESSMENT PROCEDURES."

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

Set forth herein are brief descriptions of the City, the District, Meritage Homes of Texas, LLC, an Arizona limited liability company (the "Developer"), 30 Three Sixty Public Finance, Inc. (the "Assessment Consultant" and "PID Administrator"), the Assessment Ordinance, the Bond Ordinance, the Amended and Restated Service and Assessment Plan (as defined herein), the Reimbursement Agreement (as defined herein), and the Development Agreement (as defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, telephone number (214) 302-2246. The form of Indenture appears in APPENDIX B and the form of Amended and Restated Service and Assessment Plan appears as APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief

* *Preliminary; subject to change.*

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

PLAN OF FINANCE

Development Plan

The District consists of approximately 146.090 acres making up the master planned community known as Brookside (the "Development"). The Developer acquired the property within the District on December 21, 2017 and planned to develop the District in three phases, beginning with the construction of the public infrastructure necessary to serve the first phase ("Phase 1") of the District (the "Phase 1 Improvements") followed by the construction of the public infrastructure necessary to serve the second and third phase ("Phase 2 and 3") of the District (the "Phase 2 and 3 Improvements" and together with the Phase 1 Improvements, the "PID Improvements"). The Development is expected to include approximately 438 single-family lots, including approximately 222 single-family lots in Phase 1 and approximately 216 single-family lots in Phase 2 and 3. See "THE DEVELOPMENT." The boundaries of the District and the concept plan for Phase 1, 2 and 3 are shown in the "MAP SHOWING BOUNDARIES OF THE DISTRICT" and "MAP SHOWING CONCEPT PLAN OF PHASES 1, 2 AND 3 OF THE DISTRICT" on pages iv and v.

The total cost of the Phase 2 and 3 Improvements, including Bond issuance costs, is forecasted to be approximately $3,304,294*. The City will finance or reimburse the Developer for a portion of the actual costs, paid or incurred by or on behalf of the Developer, of the Phase 2 and 3 Improvements through the issuance of the Bonds. The balance of the costs of the Phase 2 and 3 Improvements will be or has been funded by a Developer contribution. The City and the Developer expect to enter into the PID Reimbursement Agreement Brookside Public Improvement District Phase 2 - 3 Project, on [_____], 2021 (the "Reimbursement Agreement"), which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, and the payment of the actual costs of the Phase 2 and 3 Improvements. See "SECURITY FOR THE BONDS," "THE PHASE 2 AND 3 IMPROVEMENTS, "APPENDIX C — Form of Amended and Restated Service and Assessment Plan" and "APPENDIX F — Form of Reimbursement Agreement."

In addition to the PID Improvements, the Developer has constructed certain additional public improvements, consisting of the construction of two lanes of South Beauchamp Boulevard (the "Additional Public Improvements"), as further described herein, and certain private improvements, consisting of an Amenity Center, Nature Trails, Open Space and other related private improvements, including, but not limited to, erosion control, hardscape, landscape and irrigation (each as defined herein, and collectively, the "Private Improvements"), as further described herein, within and outside the District. See "THE DEVELOPMENT — Development Plan" and "— Private Improvements." The Additional Public Improvements and the Private Improvements were financed through corporate funding and impact fee credits.

Development Status

The Developer completed the Phase 1 Improvements and the Additional Public Improvements in October, 2019. The Developer completed the Nature Trails in October, 2019 and the Amenity Center in May, 2020. The Developer completed the Phase 2 and 3 Improvements in January, 2021.

Home Development within the District

The Development is expected to include approximately 438 single-family lots, including approximately 222 single-family lots in Phase 1 and approximately 216 single-family lots in Phase 2 and 3, all consisting of 55' Lots.

Phase 1. The Developer entered into a lot purchase and sale agreement (the "Lot Purchase Agreement") with TSHH, LLC ("Trophy Homes") for 67 lots within Phase 1, all of which have been taken down by Trophy Homes. The Developer plans to construct the remaining 155 residential units within Phase 1. As of April 1, 2021, Trophy Homes has finished construction of [__] homes and has sold [__] homes to individual homeowners within

* *Preliminary; subject to change.*

Phase 1. As of April 1, 2021, the Developer has finished construction of [__] homes and has sold [__] homes to individual homeowners within Phase 1. See "THE DEVELOPMENT." ***[Developer to confirm/provide. Date may need to be updated depending on date of pricing/posting PLOM]***

Phase 2 and 3. Pursuant to the Lot Purchase Agreement, Trophy Homes agreed to purchase 53 lots within Phase 2 and 3, all of which have been taken down by Trophy Homes. The Developer expects to construct the remaining 163 residential units within Phase 2 and 3. As of April 1, 2021, Trophy Homes has finished construction of [__] homes and has sold [__] homes to individual homeowners within Phase 2. As of April 1, 2021, the Developer has finished construction of [__] homes and has sold [__] homes to individual homeowners within Phase 2. As of April 1, 2021, no homes have been completed or sold to individual homeowners within Phase 3, but 52 homes were under construction. See "THE DEVELOPMENT." ***[Developer to provide. Date may need to be updated depending on date of pricing/posting PLOM]***

Prior Bond Financings

To finance the cost of the Phase 1 Improvements, the City issued its $3,685,000 Special Assessment Revenue Bonds, Series 2019 (Brookside Public Improvement District Phase 1 Project) (the "Phase 1 Bonds"). The Phase 1 Bonds are secured by assessments levied against assessable property within Phase 1 of the District only (the "Phase 1 Assessments"). **The Phase 1 Assessments are not security for the Bonds.**

The Bonds

Proceeds of the Bonds will be used for the purpose of (i) paying or reimbursing all or a portion of the actual costs of the Phase 2 and 3 Improvements, (ii) funding a reserve fund for the payment of principal of and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, and (iv) paying the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS," "THE PHASE 2 AND 3 IMPROVEMENTS" and "APPENDIX B — Form of Indenture."

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues and other funds comprising the Trust Estate, consisting primarily of Assessments levied against the Assessed Property within Phase 2 and 3, all to the extent and upon the conditions described herein and in the Indenture. See "SECURITY FOR THE BONDS" and "ASSESSMENT PROCEDURES." **The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the "State") or any other political subdivision of the State, within the meaning of any Constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

The Bonds and the Phase 1 Bonds issued by the City constitute separate and distinct issues of securities secured by separate assessments. The Phase 1 Bonds were offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

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

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

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

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Phase 2 and 3 Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the "Investor Information"). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor's purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor's decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the underwriter is not deemed an officer or employee of the City.

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

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

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter (the "Date of Delivery") and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 1 and September 1, commencing [September 1, 2021][*] (each, an "Interest Payment Date"), until maturity or prior redemption. Regions Bank is the initial Trustee, Paying Agent and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in authorized denominations of $25,000 of principal and any integral multiple of $5,000 in excess thereof ("Authorized Denominations"). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The

[*] *Preliminary; subject to change.*

Depository Trust Company, New York, New York ("DTC"), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See "BOOK-ENTRY-ONLY SYSTEM" and "SUITABILITY FOR INVESTMENT."

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 1, 20__, such redemption date or dates to be fixed by the City, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date fixed of redemption.

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any date, at the redemption price equal to the principal amount of such Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund from the accounts in the Reserve Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. The Bonds maturing on September 20__, 20__ and 20__, are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the dated fixed for redemption, from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

$ Bonds Maturing September 1, 20

Mandatory Sinking Fund Redemption Date	**Sinking Fund Installment**
	$
†	

† Stated Maturity

$ Bonds Maturing September 1, 20

Mandatory Sinking Fund Redemption Date	**Sinking Fund Installment**
	$
†	

† Stated Maturity

$ Bonds Maturing September 1, 20

Mandatory Sinking Fund Redemption Date	**Sinking Fund Installment**
	$
†	

† Stated Maturity

At least thirty (30) days prior to each sinking fund redemption date, the Trustee shall select a principal amount of Bonds of such maturity equal to the Sinking Fund Installment of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any redemption date pursuant to the mandatory sinking fund redemption described above shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to the Indenture, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the redemption price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

Additional Provisions with Respect to Redemption. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in increments of $5,000 by lot or any other customary method that results in a random selection, provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond. Notwithstanding the foregoing, if any Bonds are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond in an amount less than the Authorized Denomination in effect at that time, a Bond in the principal amount equal to the unredeemed portion, but not less than $5,000, may be issued. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized

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

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

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

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

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

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE

REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS

General

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

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

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the "Pledged Revenues"), consisting primarily of Assessments levied against the Assessed Property within Phase 2 and 3 of the District, and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of an Amended and Restated Service and Assessment Plan for the District, (as updated, amended and supplemented from time to time, the "Amended and Restated Service and Assessment Plan"), which describes the special benefit received by the Assessed Property, provides the basis and justification for the determination of special benefit on the Assessed Property, establishes the methodology for the levy of the Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Amended and Restated Service and Assessment Plan is reviewed and updated at least annually (each, an "Annual Service Plan Update") for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Amended and Restated Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of applicable law to finance the Phase 2 and 3 Improvements by levying Assessments upon the Assessed Property. For a description of the assessment methodology and the amounts of Assessments levied in Phase 2 and 3 of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

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

"Additional Interest" means the additional interest at a rate of 0.50% collected on each Assessment.

"Annual Installment" means, with respect to the Assessed Property, each annual payment of: (i) Assessments (including the principal of and interest on), as shown on the Assessment Roll (as defined herein) attached to the Amended and Restated Service and Assessment Plan, as the same may be updated from time to time, or in an Annual Service Plan Update, and as calculated in the Amended and Restated Service and Assessment Plan, (ii) Administrative Expenses, and (iii) Additional Interest.

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

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

"Pledged Revenues" means, collectively, the (i) Assessment Revenues (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs, as set forth in the Amended and Restated Service and Assessment Plan, and any Annual Installments in excess of the amounts required to be deposited into the Pledged Revenue Fund pursuant to the Indenture), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds.

Collection and Deposit of Assessments

The Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for the payment of the principal of and interest on the Bonds, as and to the extent provided in the Amended and Restated Service and Assessment Plan and the Indenture. See "SECURITY FOR THE BONDS — Pledged Revenue Fund."

The Assessments assessed to pay debt service on the Bonds together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Amended and Restated Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment has been made payable in the Assessment Ordinance in each City fiscal year preceding the date of final maturity of the Bonds which, if collected, will be sufficient to pay debt service requirements attributable to the Assessments in the Amended and Restated Service and Assessment Plan. Each Annual Installment is payable as provided in the Amended and Restated Service and Assessment Plan and the Assessment Ordinance.

The portions of the Annual Installments of Assessments collected to pay Administrative Expenses and Delinquent Collection Costs will be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The City imposed Assessments on the property within the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Amended and Restated Service and Assessment Plan and coming due during each fiscal year. The Assessments are effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within Phase 2 and 3 began to accrue on the date specified in the Amended and Restated Service and Assessment Plan and, prior to issuance of the Bonds, is calculated at a rate specified in the Assessment Ordinance. After issuance of the Bonds, Additional Interest on the Assessments for each lot within Phase 2 and 3 will accrue at a rate specified in the Assessment Ordinance, to wit: 0.50%. The rate of Additional Interest may not exceed a rate that is 0.50% higher than the actual interest rate of the Bonds, pursuant to Section 372.018 of the PID Act. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City has levied, assessed, and will continue to collect, each year while the Bonds are Outstanding and unpaid, as part of the Annual Installment, an amount to pay

the annual costs incurred by the City in the administration and operation of Phase 2 and 3 (the "Administrative Expenses"). The portion of each Annual Installment of an Assessment used to pay Administrative Expenses shall remain in effect each year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The amount collected to pay Administrative Expenses shall be due in the manner set forth in the Assessment Ordinance on or about October 1 of each year and shall be delinquent if not paid by February 1 of the following year. **Amounts collected for Administrative Expenses do not secure repayment of the Bonds.**

There is no discount for the early payment of Assessments.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES" herein. The Assessment Lien is superior to any homestead rights of a property owner that are properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance ("Pre-existing Homestead Rights") for as long as such rights are maintained on the property. See "BONDHOLDERS' RISKS — Assessment Limitations."

As of January 11, 2021, the date the Assessments were levied, there were 13 individual homeowners within Phase 2 and 3, whose properties are estimated to collectively represent approximately $194,157 of Assessments levied within the Phase 2 and 3. These homeowners may have the ability to claim homestead rights under State law, which, if claimed, prohibits these properties from being foreclosed for purposes of collecting their Assessments. The Assessments are security for the Bonds. Foreclosure proceedings on any Assessed Properties claiming homestead rights prior to the levy of the Assessment, may affect the City's ability to foreclose on such Assessed Properties to meet debt service requirements on the Bonds. See "BONDHOLDERS' RISKS — Assessment Limitations" and "— Existing Homestead Rights."

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

Perfected Security Interest

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

Pledged Revenue Fund

Immediately upon receipt thereof, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Assessment Revenues (other than the portion of the Annual Installments allocated to the payment of Administrative Expenses and Delinquent Collection Costs, which shall be deposited to the Administrative Fund), as set forth in the Amended and Restated Service and Assessment Plan. Specifically, the City shall deposit or cause to be deposited the foregoing amounts as follows: (i) *first*, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due, (ii) *second*, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve

Account Requirement, and (iii) *third*, to pay other costs permitted by the PID Act. Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the deposits required by (i) and (ii) above are made, the City shall have the option, in its sole and absolute discretion, to deposit such excess funds into the Redemption Fund to redeem Bonds as provided in the Indenture. Notwithstanding the foregoing, the Additional Interest shall only be utilized for the purposes set forth in the Indenture and, immediately following the initial deposit to the Pledged Revenue Fund, the Additional Interest will be deposited into the Delinquency and Prepayment Reserve Account and/or the Redemption Fund, as applicable.

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

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaptions "Reserve Account of the Reserve Fund" and "Delinquency and Prepayment Account of the Reserve Fund" below), there are insufficient funds to make the payments to the Principal and Interest Account of the Bond Fund described above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

The Trustee shall transfer Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

Promptly after the deposit of Foreclosure Proceeds into the Pledged Revenue Fund, the Trustee shall, pursuant to a City Directive, transfer such Foreclosure Proceeds *first* to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the particular Assessed Property to which the Foreclosure Proceeds relate, and *second*, to the Redemption Fund, as follows. After deposit of Foreclosure Proceeds into the Reserve Fund, the Trustee shall deposit such Foreclosure Proceeds first into the Reserve Account if the Reserve Account does not contain the Reserve Account Requirement and if it does contain the Reserve Account Requirement, such Foreclosure Proceeds shall be deposited into the Delinquency and Prepayment Reserve Account. If both the Reserve Account and Delinquency and Prepayment Reserve Account contain their respective amounts required to be on deposit, the Trustee shall transfer such Foreclosure Proceeds to the Redemption Fund.

After satisfaction of the requirement to provide for the final payment of the principal and interest on the Bonds and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall, pursuant to a City Directive, transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, which monies may be used for any lawful purpose for which Assessments may be used under the PID Act.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account of the Bond Fund and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below. If amounts in the Principal and Interest Account are insufficient to pay the amounts due on the Bonds on an Interest Payment Date, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account of the Bond Fund and transferred to the Paying Agent/Registrar.

Moneys in the Capitalized Interest Account of the Bond Fund shall be used for the payment of all interest due on the Bonds on September 1, 2021[*]. Additionally, funds in the Capitalized Interest Account shall be used to pay accrued but unpaid interest (but not principal) due on any Prepayments made after the issuance date of the

[*] *Preliminary; subject to change.*

Bonds and before September 1, 2021. Any amounts on deposit to the Capitalized Interest Account after the foregoing payments shall be transferred to the Improvement Account of the Project Fund, or if the Improvement Account of the Project Fund has been closed, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes specified in the Indenture including (i) paying or reimbursing all or a portion of the actual costs of the Phase 2 and 3 Improvements, (ii) paying a portion of the costs incidental to the organization of the District, and (iii) paying the costs of issuance of the Bonds. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Directives. Disbursements from the Improvement Account of the Project Fund to pay costs of the Phase 2 and 3 Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment. All disbursements of funds from the Improvement Account shall be disbursed in accordance with a Certificate for Payment as described in the Reimbursement Agreement. Each such City Directive shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such City Directive or in the invoices submitted therewith and the Trustee is entitled to rely on such payment instructions with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account of the Project Fund are not expected to be expended for purposes of the Project Fund due to the abandonment, or constructive abandonment, of one or more of the Phase 2 and 3 Improvements such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account of the Project Fund will ever be expended for the purposes of the Project Fund, the City Representative shall file a City Directive with the Trustee which identifies the amounts then on deposit in the Improvement Account of the Project Fund that are not expected to be used for purposes of the Project Fund. If such City Directive is so filed, the amounts on deposit in the Improvement Account of the Project Fund shall be transferred to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Directive filed with the Trustee. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

Upon the filing of a City Directive stating that all Phase 2 and 3 Improvements have been completed and that all costs have been paid, or that any costs are not required to be paid from the Project Fund pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Directive filed with the Trustee. Upon such transfers, the Project Fund shall be closed.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Account of the Project Fund and used to pay costs of the Phase 2 and 3 Improvements or to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Directive filed with the Trustee.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall equal one hundred percent (100%) of the Maximum Annual Debt Service on the Bonds as of the date of issuance of the Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made to the Redemption Fund as a result of Prepayments; and provided further that as a result of (A) an optional redemption or (B) an extraordinary optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the Date of Delivery, the Reserve Account Requirement is $[__] which is an amount equal to the Reserve Account Requirement defined above.

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Delinquency and Prepayment

Reserve Account of the Reserve Fund (described below) and second from the Reserve Account of the Reserve Fund to the Bond Fund the amount necessary to cure such deficiency. Additional Interest shall be used to replenish first the Reserve Account of the Reserve Fund and second the Delinquency and Prepayment Account of the Reserve Fund.

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess pursuant to the Indenture.

In the event of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, the Trustee, pursuant to a City Directive, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Delinquency and Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account on March 1 of each year, commencing [March 1, 2022], an amount equal to the Additional Interest until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. The "Delinquency and Prepayment Reserve Requirement" means an amount equal to [5.5]% of the principal amount of the then Outstanding Bonds. The City has allocated the Additional Interest authorized by the PID Act for this purpose. At any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been met. Furthermore, once the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account, any amounts in excess of the Delinquency and Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds as provided in the Indenture provided, however, that at any time the amount on deposit in the Delinquency and Prepayment Reserve Account is less than Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has accumulated in the Delinquency and Prepayment Reserve Account.

Upon an extraordinary optional redemption of Bonds due to Prepayments, after transferring funds from the Reserve Account of the Reserve Fund to the Redemption Fund, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amounts on deposit in the Delinquency and Prepayment Reserve Account exceed the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Directive, to the Administrative Fund for the payment of Administrative Expenses or to the Redemption Fund. In the event that the Trustee does not receive a City Directive directing the transfer of such excess to the Administrative Fund within forty-five (45) days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds.

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

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Annual Installments allocated to the payment of Administrative Expenses and Delinquent Collection Costs, as set forth in the Amended and Restated Service and Assessment Plan. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Directive solely for the purposes set forth in the Amended and Restated Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

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

Defeasance

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

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

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

Events of Default

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

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

(ii) The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture, other than a default under (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such notice; and

(iv) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed, and upon the written request of the Owners of not less than fifty-one percent (51%) in principal amount of the Bonds then Outstanding under the Indenture shall proceed to protect and enforce the rights of the Owners under the Indenture by action seeking mandamus or by other suit, action, or special proceeding in equity or at law in any court of competent jurisdiction for any relief to the extent permitted by Applicable Laws including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, specifically in inverse order of value pursuant to a certified appraisal or real or personal property or market value of investments as set forth in the United States Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the

provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgement of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has received prior notice in writing, (ii) such default has become an Event of Default and the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee directing the Trustee to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for sixty (60) days after such prior written notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Owners of not less than fifty-one percent (51%) of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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

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

Application of Revenues and Other Moneys after Event of Default

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

(ii) SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be

sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Following its receipt of written directions from the City, the Trustee shall make payments to the Owners of the Bonds pursuant to the Indenture within thirty (30) days of receipt of such good and available funds, and the record date shall be the date the Trustee receives such good and available funds.

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

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

Investment or Deposit of Funds

Money in any Fund or Account established pursuant to the Indenture, other than the Reserve Fund, shall be invested by the Trustee as directed by the City pursuant to a City Directive filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Directive filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed two hundred seventy (270) days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed ninety (90) days.

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

Against Encumbrances

Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

So long as Bonds are Outstanding under the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Other Obligations or Other Liens; Refunding Bonds

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

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

Notwithstanding any contrary provision of the Indenture, the City shall not issue additional bonds, notes or other obligations under this Indenture, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State.

SOURCES AND USES OF FUNDS[1]

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

Sources of Funds:	
Principal Amount	$
Total Sources	**$**
Use of Funds:	
Deposit to Improvement Account of Project Fund	$
Deposit to Cost of Issuance Account of Project Fund	
Deposit to Capitalized Interest Account of Bond Fund	
Deposit to Reserve Account of Reserve Fund	
Deposit to Administrative Fund	
Underwriter's Discount[2]	
Total Uses	**$**

[1] To be updated and completed upon pricing.
[2] Includes Underwriter's Counsel's fee of $_____.

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DEBT SERVICE REQUIREMENTS[1]

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

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

[1] To be updated and completed upon pricing.

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OVERLAPPING TAXES AND DEBT

The land within the District lies within the corporate limits of the City. The land within Phase 2 and 3 has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments. In addition to the taxes and the Assessments described above, each lot owner in Phase 2 and 3 will pay an annual maintenance and operation fee and/or a property owners' association fee to a homeowners' association (the "Owners' Association") formed by the Developer.

The City, Collin County (the "County"), Collin County Community College District and Princeton Independent School District ("Princeton ISD") may each levy ad valorem taxes upon land within Phase 2 and 3 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Phase 2 and 3. Phase 2 and 3 is located within the City, the County, Collin County Community College District and Princeton ISD. ***[PID Administrator to complete table]***

Overlapping Taxes

Taxing Entity	Tax Year 2020 Ad Valorem Tax Rate[1]
City of Princeton	$0.651215
Collin County	0.172531
Collin County Community College District	0.081222
Princeton Independent School District	1.469800
Total Current Tax Rate	$2.374768
Estimated Average Annual Installment in Phase 2 and 3 of the District as an Equivalent Tax Rate	$[_____] [2][3]
Estimated Total Tax Rate and Average Annual Installment in Phase 2 and 3 of the District as an Equivalent Tax Rate	$[_____]

(1) As reported by the Collin Central Appraisal District. Per $100 taxable appraised value.

(2) Derived from information in the Amended and Restated Service and Assessment Plan. Based on a projected average Annual Installment of $1,187.45, which is inclusive of principal, interest, Additional Interest and Administrative Expenses. As of January 11, 2021, 13 individual homeowners within Phase 2 and 3 may have the ability to claim homestead rights. See "ASSESSMENT PROCEDURES – Priority of Lien" and "BONDHOLDERS' RISKS – Existing Homestead Rights." Preliminary; subject to change.

(3) Based on $59,773,896 estimated buildout value as projected by the Developer and shown in Table VI-1 of the Service and Assessment Plan. Pursuant to the Development Agreement, the Equivalent Tax Rate may not exceed $0.43 per $100 assessed valuation without prior, written consent of the City.

Source: Collin Central Appraisal District and the Amended and Restated Service and Assessment Plan.

As noted above, Phase 2 and 3 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Phase 2 and 3 and City debt to be secured by the Assessments, as of April 1, 2021: ***[Financial Advisor to complete table]***

Overlapping Debt

Taxing or Assessing Entity	Total Outstanding Debt as of April 1, 2021	Estimated % Applicable[1]	Direct and Estimated Overlapping Debt[1]
The City (Assessments - The Bonds)	$ 3,226,000[2]	100.00%	$3,226,000[2]
The City (Ad Valorem)		%	
Collin County		%	
Collin County Community College District		%	
Princeton Independent School District		%	
Total	**$**		**$**

(1) Based on $59,773,896 estimated buildout value as projected by the Developer and shown in Table VI-1 of the Service and Assessment Plan and on the Tax Year 2021 Taxable Assessed Valuation for the taxing entities as certified by the Collin Central Appraisal District.

(2) Preliminary; subject to change.

Source: Municipal Advisory Council of Texas (gross outstanding debt secured by property taxes), the Collin Central Appraisal District and the Amended and Restated Service and Assessment Plan.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given in the Amended and Restated Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Phase 2 and 3 Improvements through Assessments, it must adopt a resolution generally describing the Phase 2 and 3 Improvements and the land within the District to be subject to Assessments to pay the costs therefor. The City has caused assessment rolls to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within Phase 2 and 3 to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Phase 2 and 3 Improvements and funding the same with Assessments. The City levied the Assessments and adopted the Assessment Ordinance on January 11, 2021, after which the Assessments became legal, valid and binding liens upon the Assessed Property.

Under the PID Act, the costs of Phase 2 and 3 Improvements may be assessed by the City against the Assessed Property in Phase 2 and 3 so long as the special benefit conferred upon the Assessed Property by the Phase 2 and 3 Improvements equals or exceeds the Assessments. The costs of the Phase 2 and 3 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Phase 2 and 3 is set forth in the Amended and Restated Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Assessment Methodology

The Amended and Restated Service and Assessment Plan describes the special benefit to be received by each parcel of Assessed Property as a result of the Phase 2 and 3 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Phase 2 and 3 Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Amended and Restated Service and Assessment Plan, a portion of the costs of the Phase 2 and 3 Improvements are being funded with proceeds of the Bonds, which are payable from and secured by the Pledged Revenues, including the Assessments.

As further set forth in the Amended and Restated Service and Assessment Plan, the benefits received by the Phase 2 and 3 Improvements are currently spread among the Assessed Property based on the ratio of the estimated average buildout value.

The City has determined that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly situated within Phase 2 and 3 of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Amended and Restated Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, all other current owners of property within Phase 2 and 3 of the District and all future owners and developers within Phase 2 and 3 of the District. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

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The table below shows the estimated value to lien analysis in Phase 2 and 3.

Estimated Phase 1 and 2 Value to Lien Ratios[1]

Lot Size	Number of Lots[2]	Estimated Finished Lots Values	Estimated Buildout Value per Lot	Total Estimated Buildout Value	Estimated Assessment Per Lot[3]	Estimated Ratio of Value of Finished Lot to Assessment	Estimated Ratio of Value of Estimated Buildout to Assessment
55’	216	$54,500	$276,731	$59,773,896	$14,935.19	3.65 : 1	18.53 : 1

(1) Preliminary; subject to change. Derived from information in the Service and Assessment Plan.
(2) Based on the concept plan for Phase 2 and 3.
(3) As of January 11, 2021, 13 individual homeowners within Phase 2 and 3 may have the ability to claim homestead rights. See “ASSESSMENT PROCEDURES – Priority of Lien” and “BONDHOLDERS’ RISKS – Existing Homestead Rights.”

Collection and Enforcement of Assessment Amounts

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

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

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

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

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

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

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amount of the Assessments has been established by the methodology described in the Amended and Restated Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel consisting of (i) the annual portion allocable to principal and interest on the Assessment for each Parcel, (ii) the Additional Interest and (iii) the component of the Annual Installment allocable to Administrative Expenses. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments have been levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

Method of Apportionment of Assessments. For purposes of the Amended and Restated Service and Assessment Plan, the City Council has determined that the Assessments shall be allocated to the Assessed Property according to estimated average buildout value. As the existing Parcels are subsequently divided, the Assessments will be apportioned pro rata according to the estimated number of Lots anticipated to be developed on the newly created Parcels. See "ASSESSMENT PROCEDURES — Assessment Methodology," "THE DEVELOPMENT— Zoning/Permitting" and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

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The following table reflects the estimated allocation of Assessments to be levied and collected per lot type. ***[PID Administrator to complete table]***

Estimated Allocation of Assessments[1]

Lot Size	Number of Lots[2]	Estimated Buildout Value per Lot	Estimated Assessment Per Lot	Total Assessment[3]	Estimated Average Annual Installment per Lot	Equivalent Tax Rate per $100 Assessed Value[4]
55’	216	$276,731	$14,935.19	$3,226,000	$1,198.45	$[_____]

(1) Preliminary; subject to change. Derived from information in the Service and Assessment Plan.
(2) Based on the concept plan for the District.
(3) As of January 11, 2021, 13 individual homeowners within Phase 2 and 3 may have the ability to claim homestead rights. See “ASSESSMENT PROCEDURES – Priority of Lien” and “BONDHOLDERS’ RISKS – Existing Homestead Rights.”
(4) Pursuant to the Development Agreement, the Equivalent Tax Rate may not exceed $0.43 per $100 assessed valuation without prior, written consent of the City.

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

Prepayment of Assessments

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

*Mandatory Prepayments***.** A mandatory prepayment of all or a portion, as applicable of an Assessment (i) may be required if the reallocation of the Assessment for a subdivided Parcel results in an Assessment for a new Parcel created by the subdivision that exceeds the Assessment or sum of Assessments for the applicable Lot Type or Lot Types for such Parcel, (ii) is required if (a) Assessed Property or a portion thereof will become Non-Benefited Property through a transfer to a party that is exempt from the payment of the Assessments under applicable law, or (b) an Assessed Property or portion thereof will otherwise become Non-Benefited Property. The owner of such Assessed Property shall pay to the City the full amount of the Assessment, plus all Prepayment Costs, in accordance with the Amended and Restated Service and Assessment Plan.

Reduction of Assessments

If (i) after all Phase 2 and 3 Improvements to be funded with the Bonds have been completed and the actual costs for the Phase 2 and 3 Improvements are less than the costs used to calculate the Assessments, (ii) the City does not undertake some of the Phase 2 and 3 Improvements, or (iii) the City issues Refunding Bonds, then the City shall reduce the Assessment for each Assessed Property pro rata such that the sum of the reduced Assessments for all the Assessed Property equals the reduced Assessments. The Assessments shall not, however, be reduced to an amount less than the amount required to pay principal and interest on the outstanding Bonds, which amount may take into consideration any other funds of the City available for the payment thereof.

Priority of Lien

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

As of January 11, 2021, the date the Assessments were levied, there were 13 individual homeowners within Phase 2 and 3, whose properties are estimated to collectively represent approximately $194,157 of Assessments levied within the Phase 2 and 3. These homeowners may have the ability to claim homestead rights under State law, which, if claimed, prohibits these properties from being foreclosed for purposes of collecting their Assessments. The Assessments are security for the Bonds. Foreclosure proceedings on any Assessed Properties claiming homestead rights prior to the levy of the Assessment, may affect the City's ability to foreclose on such Assessed Properties to meet debt service requirements on the Bonds. See "BONDHOLDERS' RISKS — Assessment Limitations" and "— Existing Homestead Rights."

Foreclosure Proceedings

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

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

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

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

THE CITY

Background

The City is located in north central Collin County, 40 miles north of Dallas and 6 miles east of the City of McKinney. Access to the City is provided by State Highway 380. The City covers approximately 4.3 square miles. The City's location as part of the Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The City's 2010 population was 6,807 and its current population estimate is [_____]. ***[City to provide]***

City Government

The City is a political subdivision and is a Type A general law city of the State, duly organized and existing under the laws of the State. The City operates under a Council/Mayor form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and

one of the Councilmembers expiring in odd-numbered years and the terms of the other four Councilmembers expiring in even-numbered years. The City Manager is the chief administrative officer.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof. General information regarding the City and the surrounding area can be found in "APPENDIX A — General Information Regarding the City and Surrounding Area."

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District includes approximately 146.090 acres and lies entirely within the corporate limits of the City. The District was created by Resolution No. 2017-12-11-R-02 of the City adopted on December 11, 2017 in accordance with the PID Act (the "Creation Resolution") for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Phase 2 and 3 Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property. The District is not a separate political subdivision of the State and is administered by the City Council. A map of the property within the District is included on page iv hereof.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Phase 2 and 3 Improvements. See "THE PHASE 2 AND 3 IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain roadway, water, wastewater, and drainage improvements within Phase 2 and 3 of the District comprising the Phase 2 and 3 Improvements and to finance the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through the Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX C — Form of Amended and Restated Service and Assessment Plan."

Collection and Delinquency History of the District

Phase 1. On April 22, 2019, the City levied the Phase 1 Assessments in Phase 1 of the District through the City Council's adoption of an assessment ordinance and approval of the initial service and assessment plan for the District. Upon such adoption, the Phase 1 Assessments became legal, valid and binding liens upon the property against which the Phase 1 Assessments are made. The initial annual installment of Phase 1 Assessments was due and payable beginning on or before January 31, 2020.

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The following table shows the collection and delinquency history of the Phase 1 Assessments.

Collection and Delinquency of Phase 1 Assessments

Assessments Due 1/31[1]	Annual Installments	Parcels Levied	Delinquent Amount as of 3/1	Delinquent Percentage as of 3/1	Delinquent Amount as of 9/1	Delinquent Percentage as of 9/1	Annual Installments Collected[2]
2020	$ 49,957.60	2	$ 0.00	0.00%	$0.00	0.00%	$ 49,597.60
2021	292,482.78	222	86.19	0.03%	N/A	N/A	292,396.59[3]

(1) Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

(2) [Excludes][Includes] penalties and interest and any prepayments of Phase 1 Assessments. ***[PID Administrator to confirm]***

(3) Collections as of April 1, 2021. ***[Amount and date to be updated, if necessary.]***

THE COLLECTION AND DELINQUENCY HISTORY OF THE PHASE 1 ASSESSMENTS IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY. NO ASSURANCE CAN BE GIVEN THAT THE COLLECTION OF THE ASSESSMENTS WILL MIRROR THE COLLECTION HISTORY OF THE PHASE 1 ASSESSMENTS. THE PHASE 1 ASSESSMENTS ARE NOT SECURITY FOR THE PAYMENT OF THE BONDS.

Phase 2 and 3. On January 11, 2021, the City levied the Assessments in Phase 2 and 3 of the District through the City Council's adoption of the Assessment Ordinance and approval of the Amended and Restated Service and Assessment Plan. Upon such adoption, the Assessments became legal, valid and binding liens upon the property against which the Assessments are made. The initial annual installment of Assessments is due and payable beginning on or before January 31, 2022.

As of April 1, 2021, 1 lot has prepaid its Assessment in the amount of $14,935.19. ***[Since there was no Reimbursement Agreement or Indenture, where was this Assessment deposited? Will the principal amount of the Bonds be reduced by the prepayment?]***

THE PHASE 2 AND 3 IMPROVEMENTS

General

The Phase 2 and 3 Improvements consist of public improvements that will benefit Phase 2 and 3 of the District. A portion of the costs of construction of the Phase 2 and 3 Improvements will be funded with proceeds of the Bonds. The balance of the costs of the Phase 2 and 3 Improvements have been paid by the Developer under the terms of the Reimbursement Agreement and the Amended and Restated Service and Assessment Plan. See "APPENDIX C — Form of Amended and Restated Service and Assessment Plan" and "APPENDIX F — Form of Reimbursement Agreement."

Development of Phase 2 and 3 Improvements

The Developer has developed all Phase 2 and 3 Improvements to serve Phase 2 and 3. The Phase 2 and 3 Improvements, include:

Road improvements. Improvements, including but not limited to, subgrade paving, ramps, sidewalks, curbs, streetlights, signs, testing and bonds.

Water Improvements. Improvements, including but not limited to, lines, valves, fittings, fire hydrants, testing, bonds and all other works, equipment, and services for the transmission of water.

Sanitary Sewer Improvements. Improvements, including but not limited to, lines, manholes, testing, bonds, and all other works, equipment, and services for the collection and transportation of wastewater.

Storm Drainage Improvements. Improvements, including but not limited to, storm drain lines and pipes, inlets, and manholes; headwalls, rip rap, testing, bonds, and all other works, equipment, and services for the collection, detention and transportation of storm water.

Clearing, Excavation and Erosion Control. Improvements, including clearing and grubbing, excavation, testing, and erosion control.

City, Professional, and Other Fees. Improvements, including but not limited to, plan check and inspection fees, geotechnical and environmental services, and engineering and surveying.

Costs of Phase 2 and 3 Improvements

The Developer was responsible for the completion of the construction, acquisition or purchase of the Phase 2 and 3 Improvements. The City will pay projects costs for a Phase 2 and 3 Improvement (or completed segment or phase) from proceeds of the Bonds upon approval of a Certification of Payment pursuant to the Reimbursement Agreement.

The following table reflects the total actual costs of the Phase 2 and 3 Improvements.

Actual Costs of Phase 2 and 3 Improvements[(1)]

Phase 2 and 3 Improvements	Total Actual Costs of Phase 2 and 3 Improvements
Road Improvements	$656,807
Water Improvements	522,411
Sanitary Sewer Improvements	424,374
Storm Drainage Improvements	563,440
Clearing, Excavation and Erosion Control	4,815
Consulting Fees and Contingency	481,184
Subtotal	*$2,653,294*
Estimated Bond Issuance Costs[(2)]	
Debt Service Reserve	$ 203,170
Capitalized Interest	72,585
Costs of Issuance	243,465
Administrative Fund	35,000
Underwriter's Discount	96,780
Subtotal	*$ 651,000*
Total	**$3,304,294**

(1) Derived from information in the Amended and Restated Service and Assessment Plan.
(2) Preliminary; subject to change.

The cost of the Phase 2 and 3 Improvements, including Bond issuance costs, is expected to be approximately $3,304,294*. A portion of such costs in the amount of $3,226,000* is expected to be paid with proceeds of the Bonds. The Developer has completed construction of the Phase 2 and 3 Improvements.

Ownership and Maintenance of Phase 2 and 3 Improvements

The Phase 2 and 3 Improvements have been dedicated to and accepted by the City and constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing maintenance and repair of the Phase 2 and 3 Improvements constructed and conveyed, as outlined in the Amended and Restated Service and Assessment Plan. ***[City to confirm acceptance.]***

* *Preliminary; subject to change.*

THE DEVELOPMENT

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

Overview

The Development is an approximately 146.090-acre project, south of US-380 and east of Beauchamp Boulevard, and is in a location that poised for significant growth as the overall DFW MSA continues its growth trajectory. The City, located in the southeast region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the "DFW MSA"), is poised for growth as the overall DFW MSA continues its growth trajectory. The Development is within the corporate limits of the City.

On December 21, 2017, the Developer acquired the property comprising the District from 146 Princeton LLC, a Texas limited liability company (the "Original Landowner") for a long-term development project. The Development is planned to consist of 438 single-family residential lots, including 222 in Phase 1 and 216 in Phase 2 and 3. All 438 single-family residential lots are planned to consist of 55' Lots.

Development Plan

The Developer planned to complete the Development in two phases over a period of approximately two years. Development began with the first phase of construction, consisting of the Phase 1 Improvements in May, 2018, which were completed in October, 2019. The Developer began the second and third phase of construction, consisting of the Phase 2 and 3 Improvements in [_____, 20__] and completed such construction in January, 2021. ***[Developer to provide]***

Concurrent with the construction of the Phase 1 Improvements, the Developer constructed the Additional Public Improvements necessary to serve the entire District. The Additional Public Improvements consist of the construction of the two western lanes of South Beauchamp Boulevard, including the roadway surface, along with associated drainage, as well as street lighting. South Beauchamp Boulevard runs along the west side of the Development and provides the main access to the Development. Pursuant to the Development Agreement, the Developer agreed to pay for the construction of the Additional Public Improvements and will be reimbursed up to the actual cost of such construction through "Roadway Impact Fees" which are assessed at a rate of approximately $2,987 per lot. The Additional Public Improvements have been dedicated to, and are owned and operated by, the City. ***[Has the Developer already been reimbursed for the costs of the Additional Public Improvements?]***

In addition to the Phase 1 Improvements, Phase 2 and 3 Improvements, and the Additional Public Improvements, the Developer agreed, pursuant to the Development Agreement, to construct the Private Improvements, which are available for use by all single-family residents within the District. See "THE DEVELOPMENT — Private Improvements."

Expected Build-out and Sale of Single-family Residential Lots

The Development includes one residential product type, consisting of 55' Lots. The Developer entered into the Lot Purchase Agreement with Trophy Homes for 67 lots within Phase 1 and 53 lots within Phase 2 and 3. Trophy Homes has taken down all 120 contracted lots. The Developer expects to construct the remaining 155 residential units within Phase 1 and 163 residential units within Phase 2 and 3.

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The build-out of the residential units within the District and expected final sale dates are shown in the following table. ***[Developer to provide updated date for expected single-family home construction completion in Phase 1. Not all homes within Phase 1 have been constructed. May 2022 date for completion of Phase 2 and 3 does not correspond to the first table on the next page, which indicates that all homes will be sold to residents in 2021. Please clarify.]***

Actual/Expected Build-Out of Single-Family Lots within the Development[1]

Phase	Lot Type	Quantity of Lots[2]	Expected Infrastructure Completion Date	Expected Single-Family Home Construction Commencement Date	Expected Single-Family Home Construction Completion Date
1					
	55' Lot	222	July 2019	June 2019	March 2021
2					
	55' Lot	94	September 2020	September 2020	May 2022
3					
	55' Lot	122	January 2021	February 2021	May 2022
		438			

(1) These projections regarding final build-out were provided by the Developer.
(2) Includes four lots in Phase 1, [__] lots in Phase 2 and [__] lots in Phase 3 to be used for model homes. ***[Developer to confirm/provide]***

The following table shows the status of lot and home construction within each Phase of the District, as of April 1, 2021. ***[May need to be updated based on date of pricing/posting PLOM]***

Status of Lot and Home Construction within the District

Phase	Quantity of Lots[1]	Completed Lots	Builder Contracted Lots[2]	Homes Under Construction	Completed Homes	Homes with Residents
1	222	222	67	0	194	193
2	94	94	23	45	47	44
3	122	122	30	52	0	0
Total	**438**	**438**	**120**	**97**	**241**	**237**

(1) Includes four lots in Phase 1, [__] lots in Phase 2 and [__] lots in Phase 3 to be used for model homes. ***[Developer to confirm/provide]***
(2) The Developer has contracted with Trophy Homes to purchase 120 lots within the District. The Developer expects to build homes on the remaining 318 lots within the District.

The actual and anticipated schedule for sale of single-family lots to Trophy Homes within each Phase of the District is shown in the following table.

Actual Sale of Single-family Residential Homes to Trophy Homes[1]

Phase	Total Quantity of Lots	2020	2021
1	67	67	-
2	23	23	-
3	30	-	30
Total	**120**	**90**	**30**

(1) Provided by the Developer. The Developer has contracted with Trophy Homes to purchase 120 lots within the District. The Developer expects to build homes on the remaining 318 lots within the District.

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The actual and anticipated schedule for sale of single-family homes to homeowners within each Phase of the District is shown in the following table. ***[First table on the prior page states that all homes will be completed in May 2022, while this table indicates that all homes will be sold to residents in 2021. Please clarify.]***

Actual/Expected Sale of Single-family Residential Homes to Residents[1]

Phase	Quantity of Lots	2019	2020	2021
1	222	54	136	32
2	94	-	66	28
3	122	-	-	122
Total	**438**	**54**	**202**	**182**

[1] These projections regarding expected absorption were provided by the Developer.

The actual and expected lot and home prices within each Phase of the District are as follows: ***[Lot price for Phase 1 and Home prices for all phases included in SAP do not match the home prices provided by the Developer. Please clarify.]***

Single-Family Lot and Home Prices in the District

Phase/Lot Size	Quantity	Average Base Lot Price[1]	Estimated Average Base Home Price[2]
Phase 1 - 55'	222	$52,500	$283,816
Phase 2 - 55'	94	54,500	307,258
Phase 3 - 55'	122	54,500	330,240
Total/Avg.	**438**	**$53,486**	**$301,778**

[1] Average base lot prices are based on the actual base lot prices in the Lot Purchase Agreements.
[2] Estimated base home prices have been provided by the Developer.

The Development Agreement

The City and Original Landowner entered into the Brookside Development Agreement, effective December 18, 2017 (the "Development Agreement"). The Developer and the Original Landowner executed the Assignment of Brookside Development Agreement, dated as of December 20, 2017, under which Original Landowner agreed to assign all of its rights and interests and the Developer agreed to assume all obligations and liabilities under the Development Agreement. Pursuant to the Development Agreement, the City commits to reimburse the Developer for costs of the PID Improvements from Assessments and proceeds of the Bonds. The Development Agreement provides certain rules and regulations for design and construction of the PID Improvements and the process for the development of all property within the District, including the Additional Public Improvements and the Private Improvements, and outlines each party's rights and obligations related to development of the property within the District. See "THE DEVELOPMENT — Development Plan," "— Zoning/Permitting" and "— Private Improvements."

Pursuant to the Development Agreement, the aggregate principal amount of PID Bonds that may be issued to fund PID Improvements shall not exceed $6,465,000 based on the maximum thirty (30) year bond issue and $0.43 per $100 assessed value tax equivalent assessment levy, subject to actual interest rates and/or assessed values. The Development Agreement requires that prior to the City's authorization of the issuance of the Bonds certain conditions be met, including that (i) if the Phase 2 and 3 Improvements have not already been constructed and to the extent the Bonds will be insufficient to fund the Phase 2 and 3 Improvements, the Developer shall, at least two (2) days prior to pricing the Bonds, provide evidence satisfactory to the City that the Developer has access to the requisite capital to fund the difference between the Phase 2 and 3 Improvements costs and the Bond proceeds available to fund the Phase 2 and 3 Improvements; (ii) the Developer is current on all taxes, assessments, fees and other monetary obligations to the City; (iii) the Developer is not in default under the Reimbursement Agreement, the Development Agreement, or any other agreement to which the Developer and the City are parties related to the District; (iv) the PID Administrator has certified that the specified portions of the costs of the Phase 2 and 3 Improvements to be paid from the proceeds of the Bonds are eligible to be paid with proceeds of such Bonds; (v) the Developer has entered into the Disclosure Agreement of Developer (as defined herein); (vi) the maximum maturity for the Bonds shall not exceed thirty (30) years from the date of delivery of the Bonds; and (vii) the maximum tax equivalent assessment rate for the Assessments shall not exceed $0.43 per $100 taxable assessed valuation, without

prior, written consent of the City. If necessary, simultaneous with the closing of the Bonds, the Developer must deposit with the City the difference between the costs of the Phase 2 and 3 Improvements and the Bond proceeds available to fund the costs of the Phase 2 and 3 Improvements. The amount of the deposit, if any, may be determined by taking into consideration the actual costs spent by the Developer on Phase 2 and 3 Improvements that have already been completed, subject to the Developer providing evidence sufficient to the City of the actual costs spent and the completion of the applicable Phase 2 and 3 Improvements. [The Phase 2 and 3 Improvements are complete and have been accepted by the City, therefore, the Developer is not required to deposit any funds.] ***[Development agreement provides that the maximum aggregate principal amount of Bonds that may be issued is $6,465,000. Per the Amended and Restated SAP, Phase 1 Bonds = $3,685,000 and Phase2/3 Bonds = $3,226,000, which, when totaled, is greater than $6,465,000. Confirm that parties have agreed upon the adjustment to the not to exceed amount.]***

Private Improvements

Pursuant to the Development Agreement, the Developer agreed to construct the Private Improvements within the District, which cost approximately of $6,905,865. The costs of such Private Improvements have been paid by the Developer and will not be reimbursed by the City, except as outlined below. The Amenity Center, Nature Trails and Open Space are described in greater detail below.

Amenity Center. Prior to and as a condition of the issuance of the Bonds, the Developer must have substantially completed an amenity center (the "Amenity Center") on an approximately 1.5 acre site, which is to at least consist of a swimming pool (minimum 2,900 square feet of water surface area), open-air cabana (minimum 2,500 square feet), and a playground. The Developer completed the Amenity Center in April, 2020. The Amenity Center is available for use by all single-family residents of the Development and is owned and maintained by the Owners' Association.

Nature Trails. The Developer also agreed to install a publicly accessible primary and secondary trail system (the "Nature Trails") to connect the Development and the Amenity Center. Pursuant to the Development Agreement, the Nature Trails shall consist of an approximately 1.1 mile long and eight (8) feet wide concrete primary trail and secondary trail sections made of either concrete or decomposed granite in locations that facilitate connection to the City's future trail network. The Developer constructed the Nature Trails in a phased manner, simultaneously with the development of Phase 1 and Phase 2 and 3. All of the Nature Trails are now complete. Pursuant to the Development Agreement, the Developer is eligible, on a phase-by-phase basis, for either a credit against applicable City PID Fees or a reimbursement of City PID Fees previously paid by the Developer for the costs of the Nature Trails, up to a maximum amount of $350,000. [The Developer has been reimbursed the full $350,000.] The Developer has dedicated to the City a public pedestrian access and park-and-trail easement over the Nature Trails. The Developer and/or the Owners' Association own and maintain the Nature Trails. ***[Developer to confirm]***

Open Space. Additionally, [it is anticipated that] the Developer [will][has] reserve[d] and set-aside [a minimum of] forty (40) acres of open space (the "Open Space") along the norther, eastern and southern borders of the Development. The Open Space [shall be][is] maintained by the Owners' Association. ***[Developer to confirm]***

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Photographs of the Development

Zoning/Permitting

The District is currently zoned under PD 17 pursuant to Ordinance 2021-03-11-01 adopted by the City Council on March 11, 2021 (the "PD 17 Ordinance"). The PD 17 Ordinance allows certain residential uses and establishes guidelines pertaining to purpose, height, area and setbacks. Because the District lies within the city limits of the City, the City's zoning and subdivision regulations control the aspects of development not specifically set forth in the PD 17 Ordinance.

Education

The District is located within Princeton ISD. Princeton ISD operates 5 elementary schools, 1 intermediate school, 2 middle schools and 1 high school. Lacy Elementary School, which is approximately 2 miles from the District, Huddleston Intermediate School, which is approximately 2 miles from the District, Clark Junior High School, which is approximately 2 miles from the District and Princeton High School, which is approximately 2 miles from the District, are expected to serve residents within the District.

GreatSchools.org rated Lacy Elementary School as "below average," Princeton High School as "average," and Clark Junior High School and Huddleston Intermediate School as "above average". According to the Texas Education Agency 2018-2019 annual school report cards, Princeton ISD and Clark Junior High School were rated as "A," Huddleston Intermediate School and Princeton High School were rated as "B," and Lacy Elementary School was rated as "C". (The categories for public school districts and public schools are A, B, C, D or F.) The Texas Education Agency labeled all district and campuses "Not Rated: Declared State of Disaster" for 2019-2020.

Environmental

Site Evaluation. A Phase One Environmental Site Assessment of the property within the District (the "Phase One ESA") was completed on February 3, 2017. Based on the information presented in the Phase One ESA, there was no evidence that the Development was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site. The Phase One ESA considered the former wastewater treatment plant located on the east adjoining property to present a potential recognized environmental condition for the planned floodplain greenbelt area to be located on the northeastern portion of the development. No development will occur on the planned floodplain greenbelt area.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the whooping crane is an endangered species in Collin County. The Developer is not aware of any endangered species located on District property. ***[Developer to confirm]***

Pavement Subgrade Stabilization Report

A Pavement Subgrade Stabilization report (the "Pavement Report") covering the property within the Phase 2 and 3 of the District was completed on June 5, 2019, as updated on September 26, 2019, November 11, 2019 and January 21, 2020. The Pavement Report made recommendations for subgrade soil preparation. The Developer followed all such recommendations.

Existing Mineral Rights

There are certain mineral rights reservations of prior owners of real property within the District (collectively, the "Mineral Owners") pursuant to a number of deeds in the chain of title for the property in the District. One of the reservations of mineral rights includes a waiver (the "Surface Waiver") by the applicable Mineral Owner of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District.

While there is currently no drilling or exploration of minerals, and such exploration activity is uncommon within this area, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. The Developer is not aware of any real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Additionally, the City's code of ordinances prohibit drilling within 600 feet of any residence or permanent structure intended for human occupancy.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Phase 2 and 3 of the District to pay Assessments, the Developer makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS — Exercise of Mineral Rights."

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the Development. The City purchases its water wholesale from the North Texas Municipal Water District and maintains its own water distribution system and wastewater collection and treatment system. The City partners with the Greater Texoma Utility Authority to construct and finance certain projects for the City's water and wastewater facilities. The City's water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the Development.

Additional Utilities. The Developer anticipates additional utilities to be provided by: (1) Phone/Data – AT&T and Spectrum; (2) Electric – Oncor; (3) Cable – AT&T and Spectrum; and (4) Natural Gas – Atmos.

THE DEVELOPER

The following information has been provided by the Developer. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

General

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

Description of the Developer

The Developer is a wholly-owned subsidiary of Meritage Homes Corporation ("Meritage"). Meritage stock trades on the New York Stock Exchange under the symbol MTH. Meritage is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the SEC. The file number for Meritage is No.1-9977. Such reports, proxy statements, and other information filed by Meritage can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at http://www.sec.gov. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 11 Wall Street, New York, New York 10005. All documents subsequently filed by Meritage pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

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

The Developer was created by Meritage for the purpose of acquiring, owning, holding, managing, operating, investing, reinvesting, accumulating, improving, and developing residential housing upon property located in the State, including developing, managing and ultimately conveying property to third parties. The Developer currently owns and is developing multiple projects in Texas.

A snapshot of some of the communities the principals of the Developer have developed is presented below.

Name of Community	City	Number of Lots	Status of Development
Cross Oak Ranch	Oak Point	261	Completed 2014
Saddlebrook Village, Phase 1	Frisco	161	Completed 2014
Village of Stonelake Estates	Frisco	192	Completed 2014
Hudson Heights	Plano	193	Completed 2015
Forest Meadow	Denton	114	Completed 2015
Bretton Woods	Frisco	60	Completed 2016
Artesia	Prosper	446	Completed 2017
Chamberlain Crossing	Fate	412	Completed 2017

Name of Community	City	Number of Lots	Status of Development
Creeks of Legacy	Celina	198	Completed 2017
Wyndale Meadows	Lewisville	231	Completed 2018
Avery Pointe	Anna	374	Completed 2018
The Preserve at Hillstone Pointe	Cross Roads	175	Completed 2018
Southwind Meadows	Arlington	144	Completed 2018
Arcadia Farms	Princeton	229	Completed 2018
The Quarry at Stoneridge	Melissa	120	Completed 2019
Ventana	Fort Worth	111	Completed 2020
Arrowbrooke	Aubrey	138	Completed 2020
Cibolo Hills	Fort Worth	169	Completed 2020
Western Ridge	Fort Worth	139	Completed 2020
Ranch Park Village	Sachse	123	Completed 2020
Ventana	Fort Worth	69	Completed 2020
Cibolo Hills	Fort Worth	82	Completed 2021
The Enclave at Oak Grove	Little Elm	152	Completed 2021
Brookside, Ph 2	Princeton	216	Completed 2021
Northstar	Fort Worth	127	Completed 2021

Executive Biography of Principals of the Developer

David Aughinbaugh. David Aughinbaugh has lived in the North Texas area for 39 years and has over 16 years of construction, engineering, and land development experience. Since graduating from The University of Oklahoma in 2004 with a Bachelor of Science in Civil Engineering, he has practiced civil engineering in the field of land development for 8 years, has become registered as a Professional Engineer licensed to practice in the State, and has earned his Masters of Business Administration from Southern Methodist University. Before acting as Vice President of Land Development for the Developer, David served as Director of Development for Lennar, leading the development of over 5,000 lots over the course of 6 years.

Robert Hall. Robert Hall has lived in Texas for 19 years and has over 10 years of management experience. Since graduating from Florida Atlantic University in 2002 with a Bachelor of Business Administration in Real Estate and Business Management, he has worked in brokerage and land development, and earned his Master of Land and Property Development from Texas A&M University. Before joining the Developer as Land Development Manager, Robert served as Project Coordinator/Manager for Skorburg Company supporting the development of over 20 communities in and around the DFW Metroplex.

Dale Powrie. Dale Powrie has lived in Texas his entire life and has over 30 years of experience in land development. He has been with the Developer for 10 years. Prior to joining the Developer's team, he worked for J. Baker Development Corporation as Land Construction Manager for over 20 years putting more than 10,000 lots on the ground in the Dallas Metroplex.

History and Financing of the District

The Developer purchased the property within the District on December 21, 2017 from the Original Landowner for a purchase price of approximately $5,122,078. The Developer's acquisition was made on a cash basis through corporate funding, as described below, and no third-party financing was used to acquire or has been used to subsequently develop the property within the District, including Phase 2 and 3. Thus, there are currently no liens on the property within the District which were incurred by the Developer, and the Developer does not currently anticipate incurring any liens on the property within the District for as long as the Developer owns such property (with the exception of the Assessment Lien). The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within Phase 2 and 3 of the District and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

THE ASSESSMENT CONSULTANT AND PID ADMINISTRATOR

The following information has been provided by 30 Three Sixty Public Finance, Inc., as the Assessment Consultant and PID Administrator. Certain of the following information is beyond the direct knowledge of the City

and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

The information regarding the Amended and Restated Service and Assessment Plan in this Limited Offering Memorandum has been provided by 30 Three Sixty Public Finance, Inc. as the "Assessment Consultant" and "PID Administrator," and has been included in reliance upon the authority of such firm as an expert in the field of assessment finance.

[It is expected that the City will enter][The City has entered] into an agreement for administration of the District (the "Administration Agreement") with 30 Three Sixty Public Finance, Inc. as the "PID Administrator" to provide specialized services related to the administration of the District. The Scope of Services for the Administration Agreement [is expected] to include the following PID Administration tasks: (i) annual update to the Amended and Restated Service and Assessment Plan, (ii) coordination of the billing and collection of Annual Installments, (iii) calculation of Assessment prepayments, (iv) trust indenture compliance analysis, (v) preparation of an assessment parcel database, (vi) responses to property owner inquiries, (vii) review of construction draw requests, (viii) arbitrage rebate services, and (ix) preparation of continuing disclosure reports. ***[PID Administrator to confirm]***

BONDHOLDERS' RISKS

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

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

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Phase 2 and 3 to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Phase 2 and 3, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the property within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such property.

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District, including Phase 2 and 3, should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessment Property, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within Phase 2 and 3. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real

property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

Infectious Disease Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Under State law, the proclamation of a state of disaster by the Governor may not continue for more than 30 days unless renewed. The Governor has renewed his declaration monthly, most recently on [_____], 2021. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness, mitigation and phased reopening of the State. Most recently, on March 2, 2021, the Governor issued Executive Order GA-34, which, among other things, removed any COVID-19-related operating limits for any business or other establishment and ended the State-wide mask mandate, effective March 10, 2021. The Governor's order also maintains, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/.

Most of the federal and state actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects the operation of businesses and directly impacts the economy. Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. Stock values and crude oil prices, in the United States and globally, have seen significant declines attributed to COVID-19 concerns. The State may be particularly at risk from any global slowdown, given the prevalence of international trade in the State and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, may reduce or negatively affect economic conditions in the City and lead to unemployment for property owners within the District or may otherwise have a negative impact on the sale of parcels, lots or homes within the District. The Bonds are secured primarily by Assessments levied on benefitted property within the District.

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

Assessment Limitations

Annual Installments of Assessments are billed to property owners of Assessed Property within Phase 2 and 3. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Amended and Restated Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year and the Administrative Expenses for such year. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in Phase 2 and 3, the City has established a Reserve Account in the Reserve Fund, to be funded from the proceeds of the Bonds, to cover delinquencies. The Annual Installments are secured by the Assessment Lien. However, there can be no assurance that foreclosure proceedings will occur in a timely manner so as to avoid depletion of the Reserve Account and delay in payments of debt service on the Bonds. See "BONDHOLDERS' RISKS — Bondholders' Remedies and Bankruptcy" herein.

Upon an ad valorem tax lien foreclosure event of a property within Phase 2 and 3, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, Section 372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment payments not being accelerated. Texas Local Government Code Section 372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

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

THE ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN PHASE 2 AND 3 OF THE DISTRICT.

Existing Homestead Rights

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere

ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future.

As of January 11, 2021, the date the Assessments were levied, there were 13 individual homeowners within Phase 2 and 3, whose properties are estimated to collectively represent approximately $194,157 of Assessments levied within the Phase 2 and 3. **These homeowners may have the ability to claim homestead rights under State law. Consequently, if such homestead rights are claimed, there could be Pre-existing Homestead Rights with respect to the Assessment Lien relating to the Assessments, which may not be foreclosed upon by the City.** Foreclosure proceedings on any Assessed Properties claiming homestead rights prior to the levy of the Assessment, may affect the City's ability to foreclose on such Assessed Properties to meet debt service requirements on the Bonds.

Potential Future Changes in State Law Regarding Public Improvement Districts

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

General Risks of Real Estate Investment and Development

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed. No defined "true-up" agreement has been entered into between the City and Developer, nor is there a requirement that future developers or Developers enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for development that the necessary revisions to the Amended and Restated Service and Assessment Plan will be made. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

The ability of the Developer and homebuilders to develop lots and sell single-family residential homes within the District may be affected by unforeseen changes in the general economic conditions, fluctuations in the real estate market and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of the District, and compete with the Development, the demand for residential housing within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to businesses and residents.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Risks Related to the Current Residential Real Estate Market

In the past, the real estate market has experienced significant slowing of new home sales and new home closings due in part to the subprime mortgage crisis involving adjustable rate mortgages and other creative mortgage financing tools that allowed persons with higher credit risk to buy homes. The economic crisis that resulted from higher interest rates, at a time when many subprime mortgages were due to reset their interest rates, has served to reduce the availability of mortgages to many potential home buyers, making entry into the real estate market more difficult. Downturns in the real estate market and other factors beyond the control of the Developer, including general economic conditions, may impact the timing of parcel, lot and home sales within the District. No assurances can be given that projected home prices presented in this Limited Offering Memorandum will be realized.

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the Developer, the City, the City's Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will ever be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or of any other homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. Below is a list of a few competitive projects in the area.

Project Name	# of Units	Proximity to District (Miles)	Developer	Date Started	Completed/ Expected	Prices	# of Units Remaining
Arcadia Farms	713	0.4	Lennar	2/2018	1/2023	$225-400k	467
Whitewing Trails	2,371	1.8	Centurion American	11/2020	3/2027	$257-328k	2,200
Trails at Riverstone	710	1.5	Horton	1/2017	9/2020	$220-265k	0
Park Trails	300	2.3	LGI	2/2018	2/2020	$230-265k	0
Princeton Crossroads	331	2.3	LGI	1/2020	9/2022	$250-290k	249
Winchester Crossing	1,402	0.5	Horton	9/2019	4/2024	$250-310k	1,116

There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development.

Loss of Tax Exemption

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

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

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within Phase 2 and 3 to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of Phase 2 and 3 currently impose ad valorem taxes on the property within Phase 2 and 3 and will likely do so in the future. Such entities could also impose assessment liens on the property within Phase 2 and 3. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments.

Depletion of Reserve Account of the Reserve Fund

Failure of the owners of property within Phase 2 and 3 of the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture will provide that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under "SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund" herein.

Hazardous Substances

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

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

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the

existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a delinquency.

See "THE DEVELOPMENT — Environmental" for discussion of the Phase One ESA performed on property within Phase 2 and 3 of the District.

Regulation

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

Availability of Utilities

The progress of development within Phase 2 and 3 of the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If the City fails to supply water and wastewater services to the property within Phase 2 and 3 of in the District, the Development of the land in Phase 2 and 3 of the District could be adversely affected. See "THE DEVELOPMENT — Utilities."

100-Year Flood Plain

Approximately 16 acres within the District, approximately 13 of which are in Phase 2 and 3, are located within an official FEMA 100-year flood plain as shown on the current Federal Emergency Management Agency's Flood Insurance Rate Map Community Panel No. 48085C0295J, Collin County, Texas dated June 2, 2009 (the "Flood Plain"). All the lands identified to be within the developed floodplain will be located within dedicated open space, park or drainage easements. As the project is developed the final location of the floodplain will be determined and will be contained within drainage easements or dedicated lots. The City will not allow occupied structures to be developed within the floodplain. Minor park facilities have been approved to be placed in the floodplain by the City.

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

Floodwater Control

Portions of the District are located within approximately three miles of Lavon Lake. Lavon Lake is controlled by Lavon Dam, which is operated by the U.S. Army Corps of Engineers (the "Corps"), and serves multiple purposes including water supply, flood control and recreation. Lavon Lake is "full" for water supply purposes at an elevation of 492 feet above sea level, and when the water rises above this level the Corps will generally begin releasing water. Although the Corps operates the Lavon Dam, there could be events out of the control of the Corps that could cause flood water to rise above the dam.

Risk from Weather Events

General. All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through weather events that include strong winds, flooding, heavy rains and freezes. It is impossible to predict such weather events and the impact they may have on the City, including land within the District.

Texas 2021 Winter Weather Event. From February 14, 2021 through February 19, 2021, the continental United States experienced a severe winter storm (the "2021 Event"). As a result of the 2021 Event, areas throughout the State experienced widespread, record breaking cold.

Due to effects of the 2021 Event and a reduction in available gas supply, approximately 185 generating units in the Electric Reliability Council of Texas ("ERCOT") grid tripped offline, and the grid lost roughly 46,000 MW of generation. In order to limit demand and protect the integrity of the grid, ERCOT implemented widespread and prolonged blackouts. As a result, approximately 4 million Texas residents were without power for significant stretches of the week.

Extended subzero temperatures caused water pipes to freeze and burst, and, combined with the lack of power, eventually led to multiple water system failures across the State that impacted water availability generally and, in some instances, required the issuance of water boil notices. Initial reports indicated that roughly 14 million Texans were under boil water notices as of February 19, 2021.

On February 19, 2021, the President of the United States issued a Major Disaster Declaration for 77 counties in the State, including Ellis County. The Texas Governor, on February 18, 2021, declared a new emergency item for the current Texas legislative session (in session until May 31, 2021) in which he requested the Legislature to mandate the winterization of Texas' power system and to ensure the necessary funding for winterization.

As a result of the 2021 Event, ***[insert impact on the development within the District].*** It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

Exercise of Mineral Rights

As described herein under "THE DEVELOPMENT — Existing Mineral Rights," there are certain mineral rights reservations located within the District and not owned by the Developer. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of the County.

The Developer does not expect the existence or exercise of any mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the City, the Financial Advisor, nor the Underwriter provide any assurances as to such Developer expectations.

Bondholders' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least twenty-five percent (25%) of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Phase 2 and 3 of the District or sell property within Phase 2 and 3 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) ("Wasson"), the Texas Supreme Court (the "Court") addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that "a city's proprietary functions are not done pursuant to the 'will of the people'" and protecting such municipalities "via the [S]tate's immunity is not an efficient way to ensure efficient allocation of [S]tate resources." While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

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

Judicial Foreclosures

Judicial foreclosure proceedings are not mandatory; however, the City has covenanted to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Phase 2 and 3 available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See "OVERLAPPING

TAXES AND DEBT." Collection of delinquent taxes, assessments and Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No Acceleration

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

Limited Secondary Market for the Bonds

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of Phase 2 and 3 subject to the Assessments, existing real estate and financial market conditions and other factors.

No Credit Rating

No credit rating for the Bonds has been sought, nor is it anticipated that any such rating will be applied for. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Bankruptcy Limitation to Bondholders' Rights

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

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

Management and Ownership

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

Dependence upon Developer and Homebuilder

As of April 1, 2021, the Developer and Trophy Homes owned [__] and [__] lots within Phase 2 and 3, respectively, and had the obligation for payment of approximately [__]% and [__]%, respectively, of the total Assessments. The ability of the Developer and Trophy Homes to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds. ***[Developer/PID Administrator to provide. Date may need to be updated based on date of pricing/posting PLOM]***

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Phase 2 and 3 Improvements within Phase 2 and 3 of the District. See "THE PHASE 2 AND 3 IMPROVEMENTS — General" and "— Development of Phase 2 and 3 Improvements." There can be no assurances given as to the financial ability of the Developer to complete the Phase 2 and 3 Improvements or other improvements.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX D — Form of Opinion of Bond Counsel."

In rendering its opinion, Bond Counsel to the City will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN

TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

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

McCall, Parkhurst & Horton L.L.P. serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe, LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

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

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds herein under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS" (except the fifth paragraph under the subcaption "Unconditional Levy of Assessments"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology", "Assessment Amounts" and the second paragraph under "Priority of Lien"), "THE DISTRICT" (except for the subcaption "Collection and Delinquency History of the District"), "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (first paragraph only), "LEGAL MATTERS — Legal Opinions," "SUITABILITY FOR INVESTMENT," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "INVESTMENTS" and "APPENDIX B — Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation — The City

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

Litigation — The Developer

At the time of delivery and payment for the Bonds, the Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developer, threatened against or affecting the Developer or any of its affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer or its managing member, or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture,

the Amended and Restated Service and Assessment Plan, the Development Agreement or the Reimbursement Agreement, or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a "Material Adverse Effect").

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See "BONDHOLDERS' RISKS." The Bonds are not rated by any nationally recognized municipal securities rating service. No dealer, broker, salesman or other person has been authorized by the City or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the City and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

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

NO RATING

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

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the SEC (the "Rule"), the City, 30 Three Sixty Public Finance, Inc. (in its role as the "PID Administrator") and HTS Continuing Disclosure Services, a division of Hilltop Securities Inc., as dissemination agent, will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of the Issuer"), for the benefit of the owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Issuer, certain financial information and operating data relating to the City (collectively, the "City Reports"). The specific nature of the information to be contained in the City Reports is set forth in "APPENDIX E-1 — Form of Disclosure Agreement of Issuer." Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Issuer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

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

The City's Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule except as follows: On August 31, 2018, Fitch Ratings upgraded the City's credit rating from A+ to AA-; the City did not file a timely notice of the occurrence of this rating change. On May 3, 2019, the City filed notice of the rating change and notice of failure to comply with the requirement to file timely notice of the rating change. The City has implemented procedures to ensure timely filing of all future financial information and event notices and will continue to provide updates to the financial information and operating data as changes occur.

The Developer

Pursuant to the Rule, the Developer, the PID Administrator, and Regions Bank, as dissemination agent, will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of Developer"), for the benefit of the owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the Development and the Phase 2 and 3 Improvements (collectively, the "Developer Reports"). The specific nature of the information to be contained in the Developer Reports is set forth in "APPENDIX E-2 — Form of Disclosure Agreement of Developer." Under certain circumstances, the failure of the Developer or the PID Administrator to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to provide (i) certain updated information to the PID Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Developer. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Developer or from any statement made pursuant to the Disclosure Agreement of Developer.

The Developer's Compliance with Prior Undertakings

The Developer has complied with its prior undertakings, except as described below. ***[To be discussed with Developer]***

UNDERWRITING

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

Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak" herein.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the

Securities Act of 1933 in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INVESTMENTS

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

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to

principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above or clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than ninety (90) days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than fifteen percent (15%) of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

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

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

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

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Developer, the Development and the Phase 2 and 3 Improvements generally and, in particular, the information included in all of the maps herein and in the sections captioned "PLAN OF FINANCE — Development Plan," "— Development Status," "— Home Development within the District" and "— Prior Bond Financings," "THE PHASE 2 AND 3 IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Phase 2 and 3 Improvements and the Development), "LEGAL MATTERS — Litigation — The Developer," and "CONTINUING DISCLOSURE — The Developer" and "— The Developer's Compliance with Prior Undertakings" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Amended and Restated Service and Assessment Plan in this Limited Offering Memorandum has been provided by 30 Three Sixty Public Finance, Inc., and has been included in reliance upon the authority of such firm as experts in the field of assessment finance.

Updating of Limited Offering Memorandum

If, subsequent to the date of the Limited Offering Memorandum, the City learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Limited Offering Memorandum to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the City will promptly prepare and

supply to the Underwriter an appropriate amendment or supplement to the Limited Offering Memorandum satisfactory to the Underwriter; provided, however, that the obligation of the City to so amend or supplement the Limited Offering Memorandum will terminate when the City delivers the Bonds to the Underwriter, unless the Underwriter notifies the City on or before such date that less than all of the Bonds have been sold to ultimate customers; in which case the City's obligations hereunder will extend for an additional period of time (but not more than ninety (90) days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

The City Council has authorized the use of this Preliminary Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds.

CITY OF PRINCETON, TEXAS

_____
Mayor

ATTEST:

_____
City Secretary

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

General Information

The City of Princeton is a rapidly growing community in Collin County, Texas located approximately 30 miles north of Dallas. Princeton borders McKinney on the west and Farmersville on the east and its main district is located along State Highway 380. The 2010 population was 6,807 and its current estimated population is [_____]. Lake Lavon is located just south of the City.

Historical Employment in Collin County (Average Annual)

	Average Annual				
	2021[(1)(2)]	2020[(2)]	2019	2018	2017
Civilian Labor Force	575,418	570,623	563,678	551,491	532,152
Total Employed	541,458	534,617	546,320	533,254	513,771
Total Unemployed	33,960	36,006	17,358	18,237	18,381
Unemployment Rate	5.9%	6.3%	3.1%	3.3%	3.5%

(1) Data through February 2021.

(2) The COVID-19 Pandemic has negatively affected travel, commerce, employment rates and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak."

Source: Texas Labor Market Information.

Major Employers in the City

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

Employer	Product or Service	Employees
Princeton ISD	School District	575
Wal-Mart	Retail	300
City of Princeton	Municipal Government	98
Villa Asuncion Independent	Assisted Living	70
McDonald's	Fast Food	36
Jack in the Box	Fast Food	25
Charley's Concrete	Concrete Manufacturer	20
Tractor Supply	Retail	19
Taco Bell	Fast Food	12
Citizen's State Bank	Bank	10

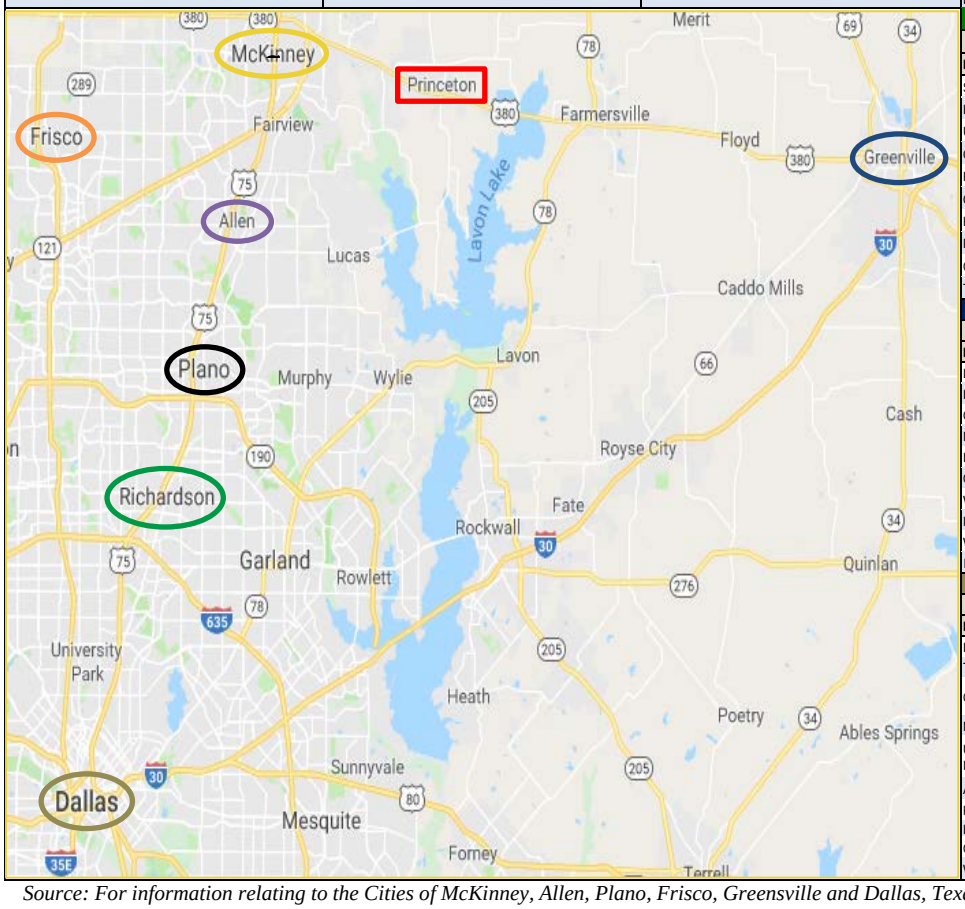
Source: The City's 2020 CAFR.

DALLAS-FORT WORTH-ARLINGTON MSA - REGIONAL EMPLOYMENT

Surrounding Economic Activity

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

City of McKinney		City of Allen		City of Plano		City of Frisco	
Approximately 11 Miles from Princeton		Approximately 18 Miles from Princeton		Approximately 18 Miles from Princeton		Approximately 30 Miles from Princeton	
Employer	**Employees**	**Employer**	**Employees**	**Employer**	**Employees**	**Employer**	**Employees**
Raytheon Space & Airborne Systems	3,300	Allen ISD	2,875	Capital One Finance	5,003	Frisco ISD	7,048
McKinney ISD	2,640	City of Allen	839	Bank of America Home Loans	4,500	City of Frisco	1,641
Collin County	1,673	Experian Information Systems	800	Toyota Motor North America, Inc.	3,859	Conifer	903
Torchmark/United American	1,250	Jack Henry & Associates	662	Ericsson	2,703	T-Mobile USA	900
Encore Wire Corp.	1,150	Frontier Communications	630	Liberty Mutual Insurance Company	2,661	Baylor Medical Center	663
City of McKinney	1,021	Andrew's Distributing	489	J.C. Penny Co., Inc.	2,420	Mario Sinacola & Sons Excavating	603
Medical Center of McKinney	905	Netscout	450	NTT Data, Inc.	2,159	Oracle	500
Collin College	651	Texas Health Presbyterian Hospital	384	Fannie Mae	2,000	IKEA Frisco	423
Baylor Medical Center	523	PFS Web Inc.	347	JP Morgan Chase	2,000	Baylor Scott White/ Centennial Hosp.	400
Timber Blind	500	WatchGuard Video	323	PepsiCo	1,881	UT Southwestern/ Texas Health Hosp.	300



City of Richardson	
Approximately 34 Miles from Princeton	
Employer	**Employees**
State Farm Insurance	9,000
Blue Cross Blue Shield of Texas	3,100
University of Texas at Dallas	2,674
Genpact	2,500
Richardson ISD	2,500
GIECO	2,400
Raytheon	2,200
RealPage	2,100
Cisco	2,000
Texas Instruments	1,800

City of Greenville	
Approximately 38 Miles from Princeton	
Employer	**Employees**
L-3 Communications	6,500
Hunt Regional Medical Center	1,100
Greenville ISD	709
McKesson	500
Hunt County	387
Cytec Engineered Materials	350
Wal-Mart Supercenter	300
Masonite Corp.	250
Weatherford International	225
Innovation First	225

City of Dallas	
Approximately 52 Miles from Princeton	
Employer	**Employees**
Dallas ISD	22,222
Texas Instruments Inc.	12,901
City of Dallas	12,474
Medical City Dallas	12,104
University of Texas Southwestern Medical Center	11,900
AT&T Inc.	11,070
Parkland Health System	10,361
Baylor Scott & White Health	7,045
Children's Health	6,406
Walmart Store	5,425

Source: For information relating to the Cities of McKinney, Allen, Plano, Frisco, Greensville and Dallas, Texas, Municipal Advisory Council of Texas; for information relating to the City of Richardson, Texas, the City of Richardson, Texas 2020 audited financial statements.

APPENDIX B

FORM OF INDENTURE

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APPENDIX C

FORM OF AMENDED AND RESTATED SERVICE AND ASSESSMENT PLAN

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

(THIS PAGE IS INTENTIONALLY LEFT BLANK.)

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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APPENDIX F

FORM OF REIMBURSEMENT AGREEMENT

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PID REIMBURSEMENT AGREEMENT
BROOKSIDE PUBLIC IMPROVEMENT DISTRICT
PHASE 2 and 3 PROJECT

This PID Reimbursement Agreement (this "Agreement") is entered into by Meritage Homes of Texas, LLC, an Arizona limited liability company ("Developer"), and the City of Princeton, Texas (the "City"), effective as of ___, 2021 (the "Effective Date") in relation to the City of Princeton, Texas, Special Assessment Revenue Bonds, Series 2021 (Brookside Public Improvement District Phase 2 and 3 Project). 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 Section 2;

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 entered into that certain Development Agreement, effective as of December 18, 2017, relating to the development of the property within the PID and the financing of public improvements within the PID;

1.4 WHEREAS, on December 11, 2017, 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 146.09 contiguous acres within the City's corporate limits, which land is described in the PID Creation Resolution;

1.5 WHEREAS, prior to the issuance of PID Bonds (as hereinafter defined), Developer has paid and may continue to pay for the actual costs of certain Phase 2 and 3 Authorized Improvements benefitting the property within the PID;

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

1.7 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.

"Administrative Expenses" are defined in the SAP.

"Annual Installment" is defined in the SAP.

"Assessed Parcel" in this Agreement has the meaning of "Phase 2 and 3 Assessed Property" as defined in the SAP.

"Assessment Ordinance" means the ordinance adopted by the City Council levying Special Assessments on property within Phases 2 and 3 of the PID to pay Administrative Expenses, costs of the Phase 2 and 3 Authorized Improvements (as defined in the SAP), PID Bonds and obligations under this Agreement.

"Assessment Revenue" means the revenues actually received by or on behalf of the City from the collection of Special Assessments, including prepayments, Annual Installments, and foreclosure proceeds.

"Bond Indenture" means the indenture of trust pursuant to which PID Bonds are issued.

"Bond Proceeds" mean the proceeds derived from the issuance and sale of PID Bonds that are deposited and made available to pay costs of the Phase 2 and 3 Authorized Improvements, including costs of issuance of the PID Bonds and design, engineering, construction and inspection costs in accordance with this Agreement and any Bond Indenture or SAP.

"Certificate for Payment" 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 (and/or, if applicable, to the Trustee named in the Bond Indenture), specifying the work performed and the amount charged (including materials and labor costs) for Phase 2 and 3 Authorized Improvements 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 Phase 2 and 3 Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the City.

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

"City Representative" means the person authorized by the City Council to undertake the actions referenced herein.

"Closing Disbursement Request" means a request in the form of Exhibit B or as otherwise approved by the Parties.

"Default" is defined in Section 4.6.1.

"Delinquent Collection Costs" are defined in the SAP.

"Development Agreement" means that certain Development Agreement, effective as of December 18, 2017, by and between 146 Princeton, LLC, a Texas limited liability company (as

predecessor-in-interest to Developer) and the City pertaining to the construction and installation of Phase 2 and 3 Authorized Improvements, as described therein and benefitting the PID.

"Developer Advances" mean advances made by Developer to pay Phase 2 and 3 Authorized Improvements Costs.

"Developer Continuing Disclosure Agreement" means the Continuing Disclosure Agreement of Developer executed contemporaneously with the issuance and sale of PID Bonds.

"Failure" is defined in Section 4.6.1.

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

"Phase 2 and 3 Authorized Improvements" means the improvements authorized by Section 372.003 of the Act and as more specifically described in Section IV of the SAP, and which have been completed and accepted by the City as of the Effective Date.

"Phase 2 and 3 Authorized Improvements Costs" are defined in the SAP.

"PID" means the Brookside Public Improvement District created by the PID Creation Resolution.

"PID Bonds" means the bonds issued pursuant to the provisions of the Act in one or more series to fund Phase 2 and 3 Authorized Improvements or to reimburse Developer for costs expended for Phase 2 and 3 Authorized Improvements.

"PID Creation Resolution" means the resolution passed and approved by the City Council on December 11, 2017, authorizing the creation of the PID.

"PID 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 PID Bonds issued and still outstanding, as described in the Bond Indenture.

"PID 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.

"PID Reimbursement 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 if not deposited into the PID Pledged Revenue Fund.

"Reimbursement Agreement Balance" is defined in Section 3.3.

"Service and Assessment Plan" or "SAP" means the amended and restated service and assessment plan and any updates thereto approved by the City Council on January 11, 2021,

prepared in relation to the property within the PID.

"Special Assessment" means an assessment levied on Phases 2 and 3 of the PID pursuant to the provisions of the Act for payment of PID Bonds, Administrative Expenses, and obligations under this Agreement.

"Trustee" is defined in Section 3.5.

SECTION 3.
FUNDING PHASE 2 AND 3 AUTHORIZED IMPROVEMENTS

3.1 Fund Deposits.

3.1.1 Unless and until PID Bonds are issued, the City shall bill, collect, and immediately deposit into the PID Reimbursement Fund, which PID Reimbursement Fund is hereby created and established as a fund under this Agreement, all Assessment Revenue consisting of: (a) revenue collected from the payment of Special Assessments (including pre-payments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); and (b) revenue collected from the payment of Annual Installments (excluding Administrative Expenses and Delinquent Collection Costs). After the issuance and delivery of PID Bonds for the Phase 2 and 3 Authorized Improvements, the City shall bill, collect, and immediately deposit 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 PID Project Fund shall only be used in accordance with the Bond Indenture. Funds in the PID Reimbursement Fund shall only be used to pay all or any portion of the Reimbursement Agreement Balance 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 and for so long as PID Bonds are outstanding, 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: (a) take and pursue all actions necessary to cause the Special Assessments to be collected; (b) take and pursue all actions necessary to cause the liens related to the Special Assessments to be enforced continuously, including diligently prosecuting an action in district court to foreclose for delinquent or nonpayment of Special Assessments, including Annual Installments; and (c) take and pursue all actions necessary to cause no reduction, abatement or exemption of the Special Assessments. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Special Assessments or the corresponding Assessed Parcel. The Bond Indenture shall control in the event of any conflicts with this Agreement.

3.2 Payment of Phase 2 and 3 Authorized Improvements Costs. Unless and until PID Bonds are issued to pay Phase 2 and 3 Authorized Improvements Costs, Developer may elect to make Developer Advances to pay Phase 2 and 3 Authorized Improvements Costs and construct Phase

2 and 3 Authorized Improvements. Upon the issuance and delivery of PID Bonds for the Phase 2 and 3 Authorized Improvements, no funds shall be paid from the PID Project Fund until after Developer provides evidence that Developer has paid an amount equal to Developer's portion of the Phase 2 and 3 Authorized Improvements Costs that the City and Developer have agreed shall be funded from private sources as provided by the Development Agreement. Bond Proceeds shall be used in the manner provided in the Bond Indenture, and Developer shall have no obligation to make Developer Advances unless the Bond Proceeds, on deposit in the PID Project Fund, are insufficient to pay any remaining Phase 2 and 3 Authorized Improvements Costs, in which case Developer shall make Developer Advances to pay the deficit. As evidence of Developer Advances required in connection with the issuance of PID Bonds, Developer shall submit to the City for approval all information related to such costs that would be required by a Closing Disbursement Request at least five (5) business days prior to the closing of the PID Bonds. The Developer shall also make Developer Advances to pay for cost overruns (after applying cost savings). Cost savings shall be applied pursuant to the provisions of Section 6.1 of the Development Agreement. The lack of Bond Proceeds or other funds in the PID Project Fund shall not diminish the obligation of Developer to pay Phase 2 and 3 Authorized Improvements Costs.

3.3 Payment of Reimbursement Agreement Balance. Unless and until PID Bonds are issued, the City agrees to pay Developer solely from funds on deposit in the PID Reimbursement Fund, and Developer shall be entitled to receive payments from the City, from such source, until the Maturity Date, for amounts shown on each Certificate for Payment (which amounts include only Phase 2 and 3 Authorized Improvements Costs paid by or at the direction of Developer) (any unpaid amount owed Developer for all Certificates of Payment is referred to as the "Reimbursement Agreement Balance"). Upon the issuance of PID Bonds, the City agrees to pay Developer first from funds on deposit in the PID Project Fund and then from funds on deposit in the PID Reimbursement Fund, if any; and, notwithstanding anything in this Agreement to the contrary, the maximum amount that Developer may be reimbursed under this Agreement shall be equal to the amount of Bond Proceeds on deposit in the PID Project Fund plus amounts in the PID Reimbursement Fund, if any, plus: (a) simple interest on the unpaid principal balance of the Reimbursement Agreement Balance at the rate of [___%] for years one through five beginning on the date each Certificate of Payment is delivered to the City Representative; and (b) simple interest on the unpaid principal balance of the Reimbursement Agreement Balance at the rate of ___% for years six through thirty thereafter. The obligation of the City to pay the Reimbursement Agreement Balance is payable solely from the PID Reimbursement Fund or from Bond Proceeds on deposit in the PID Project Fund. No other City funds, revenue, taxes, income, or property shall be used even if the Reimbursement Agreement Balance is not paid in full by the Maturity Date. Payments from the PID Reimbursement Fund shall be applied in accordance with this Agreement. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance 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; however, if the Parties are unable to resolve the disputed amount, then the City's determination of the disputed amount (as approved by the City Council) shall control.

3.4 PID Bonds. The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (a) paying all or a portion of the Reimbursement Agreement Balance; or (b) paying Phase 2 and 3 Authorized Improvements Costs directly. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the Bond Indenture. Upon the issuance of PID Bonds for such purpose, Developer's right to receive payments each year in accordance with Section 3.3 shall be subordinate to the deposits required under the Bond Indenture related to any outstanding PID Bonds. The failure of the City to issue PID Bonds shall not constitute a "Failure" by the City or otherwise result in a "Default" by the City. Upon the issuance of the PID Bonds, Developer has a duty to construct those Phase 2 and 3 Authorized Improvements. The Developer shall not be relieved of its duty to construct or cause to be constructed such improvements even if there are insufficient funds in the PID Project Fund to pay the Phase 2 and 3 Authorized Improvements Costs.

3.5 Disbursements and Transfers at and after Bond Closing. If PID Bonds are issued, and upon the presentation of evidence satisfactory to the City Representative, the City will cause the Trustee under the Bond Indenture to pay from the Bond Proceeds at closing of the PID Bonds approved amounts from the appropriate account to the City, Developer, or their designees, as applicable, which costs may include payment for costs of issuance and payment of costs incurred in the establishment, administration, and operation of the PID and any other eligible items for which funds have been expended by Developer and the City as of the time of the delivery of the PID Bonds. In order to receive such a disbursement, Developer shall execute a Closing Disbursement Request in the form attached hereto as Exhibit B to be delivered to the City no less than five (5) business days prior to the scheduled closing date for the PID Bonds for payment in accordance with the provisions of the Bond Indenture. In order to receive additional disbursements from the applicable fund under the Bond Indenture, if PID Bonds are issued, or from the PID Reimbursement Fund, Developer shall execute a Certificate for Payment, no more frequently than monthly, to be delivered to the City for payment in accordance with the provisions of the Bond Indenture, if applicable, and this Agreement. Upon receipt of a Certificate for Payment (along with all accompanying documentation required by the City) from Developer, the City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with all applicable governmental laws, rules and regulations and applicable plans therefor with the terms of this Agreement and any other agreement between the Parties related to property in the PID, and to verify and approve the Phase 2 and 3 Authorized Improvements Costs of such work specified in such Certificate for Payment. The City shall also conduct such review as is required in its discretion to confirm the matters certified in the Certificate for Payment. The Developer agrees to cooperate with the City in conducting each such review and to provide the City with such additional information and documentation as is reasonably necessary for the City to conclude each such review. Within ten (10) business days following receipt of any Certificate for Payment, the City shall either: (a) approve the Certificate for Payment and (i) forward it to the trustee designated under the Bond Indenture (the "Trustee") for payment or (ii) pay such amount from the PID Reimbursement Fund; or, (b) provide Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval. Any disputes shall be resolved as required by Section 3.3 herein. If PID Bonds are issued, the City shall deliver the approved or partially approved Certificate for Payment to the Trustee for payment.

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 PID Reimbursement Fund or the PID Project Fund. Unless approved by the City, no other City funds, revenues, taxes, or income of any kind other than the funds on deposit in the PID Reimbursement Fund or the PID Project Fund shall be used to pay: (a) the Phase 2 and 3 Authorized Improvements Costs; (b) the Reimbursement Agreement Balance, even if the Reimbursement Agreement Balance is not paid in-full on or before the Maturity Date; or (c) debt service on any PID 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, and this Agreement, then following the inspection and approval of any portion of Phase 2 and 3 Authorized Improvements for which Developer seeks reimbursement of the Phase 2 and 3 Authorized Improvements Costs by submission of a Certificate for Payment or City approval of a Closing Disbursement Request, the obligations of the City under this Agreement to pay disbursements (whether to Developer or to any person designated by Developer) identified in any Closing Disbursement Request or in any Certificate for Payment 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 Phase 2 and 3 Authorized Improvements shall be constructed by or at the direction of Developer in accordance with the plans and in accordance with the Development Agreement and this Agreement and any other applicable agreement between the Parties related to property in 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 Phase 2 and 3 Authorized Improvements in a good, workmanlike, and commercially reasonable 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 Phase 2 and 3 Authorized Improvements are constructed in a good, workmanlike and commercially reasonable 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 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 Phase 2 and 3 Authorized Improvements to be acquired and accepted by the City from Developer. If any Phase 2 and 3 Authorized Improvements 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 Phase 2 and 3 Authorized Improvements will be in accordance with applicable City ordinances and regulations.

3.9 Security for Phase 2 and 3 Authorized Improvements. The Developer shall provide for a two (2) year maintenance bond relating to the Phase 2 and 3 Authorized Improvements in the manner described in the Development Agreement. 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 Phase 2 and 3 Authorized Improvements to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Phase 2 and 3 Authorized Improvements 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 twenty percent (120%) of the disputed amount.

3.10 Ownership and Transfer of Phase 2 and 3 Authorized Improvements. The Developer shall furnish to the City a preliminary title report for land related to the Phase 2 and 3 Authorized Improvements 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 City's use and enjoyment of the Phase 2 and 3 Authorized Improvements. If the City objects to any preliminary title report, the City shall not be obligated to accept title to the applicable Phase 2 and 3 Authorized Improvements until Developer has cured the objections to the reasonable satisfaction of the City.

SECTION 4.
ADDITIONAL PROVISIONS

4.1 Term. The term of this Agreement shall begin on the Effective Date and shall continue until the earlier to occur of: (i) the Maturity Date, (ii) the date on which the Reimbursement Agreement Balance is paid in full, or (iii) the date on which the PID Bonds are fully retired.

4.2 No Competitive Bidding. Construction of the Phase 2 and 3 Authorized Improvements 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. The City shall have the right to examine and approve the contractor selected by Developer prior to executing a construction contract with the contractor, which approval shall not be unreasonably delayed or withheld.

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 Phase 2 and 3 Authorized Improvements. For a period of two (2) years after completion of the Phase 2 and 3 Authorized Improvements, 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; and (e) 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 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.

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

4.6.3 Subject to Section 3.6, 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 monies available under the Bond Indenture.

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 Phase 2 and 3 Authorized Improvements. The obligations of Developer hereunder shall be those of a Party hereto and not as an owner of property in 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 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

City of Princeton
Attn: City Manager
123 W. Princeton Drive
Princeton, Texas 75407
dborg@princetontx.com

With a copy to:

Wolfe, Tidwell & McCoy, LLP
Attn: Clark McCoy
2591 Dallas Parkway, Suite 300
Frisco, Texas 75034
cmccoy@wtmlaw.net

To Developer:

Meritage Homes of Texas, LLC
Attn: David Aughinbaugh
8840 Cypress Waters Blvd., Suite 100
Dallas, Texas 75019
david.aughinbaugh@meritagehomes.com

With a copy to:

Winstead PC
Attn: Ross Martin
2728 N. Harwood St., Suite 500
Dallas, Texas 75201
rmartin@winstead.com

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.

[*Execution pages follow.*]

CITY OF PRINCETON, TEXAS

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

ATTEST:

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

MERITAGE HOMES OF TEXAS, LLC,
an Arizona limited liability company

By: _____
Name: Austin Woffinden
Title: Division President
Date: _____

Exhibit A

FORM OF CERTIFICATE FOR PAYMENT

The undersigned is an agent for Meritage Homes of Texas, LLC, an Arizona limited liability company ("Developer"), and requests payment from the City of Princeton, Texas (the "City") out of the PID Project Fund (as defined in the Bond Indenture) [or PID Reimbursement Fund] in the amount of $_____ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Phase 2 and 3 Authorized Improvements (as defined in the Service and Assessment Plan) providing a special benefit to property within the Brookside Public Improvement District. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the PID Reimbursement Agreement, Brookside Public Improvement District Phase 2 and 3 Project, effective _____, 2021 (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 Payment Form on behalf of Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced Phase 2 and 3 Authorized Improvements 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 Phase 2 and 3 Authorized Improvements Costs associated with the creation, acquisition, or construction of said Phase 2 and 3 Authorized Improvements 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 Brookside 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 Phase 2 and 3 Authorized Improvements referenced below (or its completed segment, section, or portion thereof) has been completed, and the City has inspected such Phase 2 and 3 Authorized Improvements.

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.

Payments requested are as follows:

a. X amount to Person or Account Y for Z goods or services.

b. X amount to Developer for costs already paid by Developer for goods or services supplied by _____.

c. _____

As required by the Indenture, the Phase 2 and 3 Authorized Improvements Costs shall be paid as follows:

Phase 2 and 3 Improvement	Phase 2 and 3 Authorized Improvements Costs	Amount to be paid from the Project Fund [or PID Reimbursement Fund]

Attached hereto are receipts, purchase orders, change orders or similar instruments which support and validate the above requested payments.

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

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 Payment, acknowledges the Certificate for Payment, acknowledges that the Phase 2 and 3 Authorized Improvements (or its completed segment) covered by the certificate have been inspected by the City, and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and directs Regions Bank, as Trustee for the PID Bonds, to make such payments from the PID Project Fund to Developer or to any person designated by Developer.

CITY OF PRINCETON, TEXAS

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

Exhibit B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Meritage Homes of Texas, LLC, a Arizona limited liability company ("Developer") and requests payment to Developer (or to the person designated by Developer) from the applicable account of the PID Project Fund from Regions Bank (the "Trustee") in the amount of $_____ to be transferred from the Costs of Issuance Account of the PID Project Fund upon the delivery of the PID Bonds for costs incurred in the establishment, administration, and operation of Brookside Public Improvement District (the "District"), as follows.

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between the City and the Trustee dated as of ____, 2021 (the "Indenture") relating to the "City of Princeton, Texas, Special Assessment Revenue Bonds, Series 2021 (Brookside Public Improvement District Phase 2 and 3 Project)" (the "PID Bonds").

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 Closing Disbursement Request on behalf of Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced establishment, administration, and operation of the District at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to the City.

3. The amount listed for the below costs is a true and accurate representation of the Phase 2 and 3 Authorized Improvements Costs associated with the establishment, administration and operation of the District at the time of the delivery of the PID Bonds, and such costs are in compliance with the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Bond Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.

6. The 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.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions attached]

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

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 Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and directs payment to be made from Costs of Issuance Account upon delivery of the PID Bonds.

CITY OF PRINCETON, TEXAS

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

Kimley»Horn

MEMORANDUM

To:	Derek Borg City Manager, City of Princeton
From:	Nathan New, P.E. Joe Helmberger, P.E. Kimley-Horn and Associates, Inc.
Date:	April 1, 2021
Subject:	San Remo Drive & Carlo Drive Traffic Study Princeton, TX

STATE OF TEXAS
NATHAN C. NEW
101204
LICENSED
PROFESSIONAL ENGINEER
04/01/2021

Introduction

The purpose of this study is to evaluate and determine the appropriate typical section for San Remo Drive and Carlo Drive in Princeton, Texas, by performing link analyses on the two roadways for existing and future conditions.

Existing Conditions

Currently, San Remo Drive and Carlo Drive are located within the existing Monte Carlo and Ragon Estates subdivisions in Princeton, Texas. The subdivisions consist of single-family residential houses. An adjacent subdivision, Whitewing Trails, is currently being developed. A vicinity map can be found in **Exhibit 1**.

San Remo Drive aligns north-south from Monte Carlo Boulevard to just north of Carlo Drive. The roadway is a two-way undivided road with an approximate cross-section of 20 feet. The speed limit on San Remo Drive is 25 MPH. Carlo Drive intersects San Remo Drive and aligns east-west. Carlo Drive is a two-way undivided road with an approximate cross-section of 20 feet. The speed limit on Carlo Drive is 30 MPH.

A 24-hour recording machine count was collected along San Remo Drive, just south of the intersection of San Remo Drive and Park Trails Boulevard, on Tuesday, March 23, 2021. The observed daily traffic was 699 vehicles, of which 332 were northbound and 367 were southbound. Refer to **Exhibit 2** for existing daily traffic and traffic counts.

Proposed Development

The proposed Whitewing Trails development consists of 2,415 single-family residential lots and an elementary school. Although construction has started for the development, the development is currently not generating any trips and the build-out year of the development is expected to be 2028. The development will extend the existing San Remo Drive further north into the subdivision and extend Carlo Drive further east into the subdivision. A conceptual layout of the project area can be seen in **Exhibit 3**.

Traffic Analysis

Daily traffic volumes for the existing subdivisions and the future Whitewing Trails subdivision were analyzed using a link analysis. The expected trips from the Whitewing Trails subdivision were determined through a process known as trip generation. Based on Institute of Transportation Engineers (ITE) *Trip Generation, 10th Edition*, the Whitewing Trails development would ultimately generate one-way trips as shown in **Table 1**. The total enrollment of the elementary school was assumed by using a similar enrollment of elementary schools located in the vicinity of the site.

Table 1. Trip Generation Analysis

Land Uses	Amount	Units	ITE Code	Daily One-Way Trips
Single Family Detached Housing	2,415	DU	210	22,798
Elementary School	650	Students	520	1,229
	Total Net External Vehicle Trips:			**24,027**

Trip Generation rates based on *ITE's Trip Generation Manual* , 10th Edition.

Traffic was distributed for the Whitewing Trails development throughout the study area. It is assumed that 25% of the inbound Whitewing Trails traffic will use the San Remo Drive extension and that 5% of the inbound traffic will use the Carlo Drive extension. These same percentages were assumed for the outbound traffic on both San Remo Drive and Carlo Drive. The assumed traffic distribution percentages can be seen in **Exhibit 4**. To project 2028 traffic, existing traffic counts and expected site-generated trips from Whitewing Trails were added together. Since the additional traffic generated from Whitewing Trails was considered, no additional background growth factors were applied to the existing traffic counts for the 2028 volume scenario. The expected 2028 daily traffic on San Remo Drive and Carlo Drive can be seen in **Exhibit 5**.

Link Analysis

Typical sections of roadway segments are generally determined by evaluating the 24-hour daily volume that is expected to use the facility. This daily evaluation of traffic can be referred to as a Link Analysis.

The volume to capacity ratio (v/c) of San Remo Drive and Carlo Drive was calculated for the 2021 existing traffic and the future 2028 expected traffic volumes. Roadway capacity volumes for the region are established by the North Central Texas Council of Governments (NCTCOG). Although roadway width, lateral clearance, presence of shoulders, and pavement surface condition can impact capacity; these factors are not individually considered for this methodology. Rather, the roadway environment is used (rural, suburban, urban, etc.) as a contributing factor for establishing roadway link capacities.

The daily link capacity for the subject roadway is obtained assuming the suburban residential area type. San Remo Drive and Carlo Drive, as collectors, have a capacity of 5,250 vehicles per hour per lane (vphpl).

The link analyses, displayed below in **Table 2**, shows that both San Remo Drive and Carlo Drive operate with ample capacity at Level of Service (LOS) A/B with existing traffic volumes. LOS is a qualitative term describing operating conditions a driver will experience while traveling on a particular

street or highway during a specific time interval. It ranges from A (very little delay) to F (long delays and congestion). After traffic from Whitewing Trails is added, San Remo Drive is expected to operate at LOS D in 2028. However, after the full build-out of the development, the roadway is still left with around a quarter of its capacity. Carlo Drive is expected to continue operating at LOS A/B in 2028.

Table 2. Link Operational Results

Roadway Link		2021 Existing			2028 Site-Generated	2028 Total Daily		
From	To	Volume	V/C Ratio	LOS	Daily Volume	Volume	V/C Ratio	LOS
San Remo Drive								
Monte Carlo Boulevard	**Carlo Drive**	699	0.07	A/B	7,208	7,907	0.75	D
Volume Limit 2 Lanes = 10,500								
Carlo Drive								
San Remo Drive		264	0.03	A/B	1,466	1,730	0.16	A/B
Volume Limit 2 Lanes = 10,500								

Volume Limit Based on NCTCOG DFWRTM Hourly Capacity Per Lane

Conclusion & Recommendations

Currently, both San Remo Drive and Carlo Drive have an approximate cross-section width of 20 feet. Per the City of Princeton Street Design Manual, two-lane residential streets should either be designed per Typical Standard Local Type G or Typical Standard Minor Collector Type F. The Local Type G standard states that the minimum cross-section of the roadway should be 31 feet, with each lane being 15 feet wide. The Minor Collector Type F standard states that the minimum cross-section of the roadway should be 37 feet, with each lane being 18 feet wide. The typical standards have been attached at the end of this report.

Although both roadways are expected to operate with sufficient capacity with one lane in each direction after the addition of Whitewing Trails, the current 20 feet pavement section of both roadways does not meet the City's minimum roadway width requirement of 31 feet. In addition, the Link Analysis methodology does not consider the roadway/lane width as discussed in the previous section. The existing 10-foot travel lanes do negatively impact capacity and restrict 2-way traffic on local streets, particularly with larger vehicles or if a vehicle is parked in the street. Drivers may perceive the narrow roadway as insufficient for 2-way traffic, which can lead to reduced capacity. Therefore, it is recommended that both streets be expanded to improve vehicular movement. Below are the recommended typical sections for both roadways:

<u>San Remo Drive</u>

- Provide for a Minor Collector Type F Street Section
- Include sidewalks in the parkway area
- Consider traffic calming measures for speed control such as median islands, choker, speed humps, or corner extensions/bulb-outs

<u>Carlo Drive</u>

- Provide for a Local Type G Street Section
- Include sidewalks in the parkway area

Attachments:
Exhibit 1 – Vicinity Map
Exhibit 2 – 2021 Existing Daily Traffic Volumes & Traffic Counts
Exhibit 3 – Conceptual Site Plan
Exhibit 4 – Trip Distribution and Traffic Assignment for Whitewing Trails
Exhibit 5 – 2028 Expected Daily Trips
City of Princeton – Typical Standard Construction Details Type G & Type F

© NearMaps

EXHIBIT 1

Vicinity Map

San Remo & Carlo Drive Traffic Study - Princeton, Texas

Kimley»Horn

LEGEND:

= Study Roadways

North

Not To Scale

© NearMaps

EXHIBIT 2

2021 Existing Daily Traffic Volumes

San Remo & Carlo Drive Traffic Study - Princeton, Texas

Kimley»Horn

North

Not To Scale

Exhibit 2 - Traffic Counts

NB San Remo South of Park Trails Boulevard

Date Began:
3/23/2021

TIME	0:00	0:15	0:30	0:45	Total
0:00	0	0	1	0	1
1:00	0	0	0	1	1
2:00	0	0	0	1	1
3:00	0	0	0	0	0
4:00	0	0	0	0	0
5:00	0	0	0	0	0
6:00	1	2	2	1	6
7:00	7	11	3	3	24
8:00	10	6	5	3	24
9:00	1	5	3	5	14
10:00	1	2	5	5	13
11:00	3	1	7	3	14
12:00	5	6	1	3	15
13:00	4	5	1	4	14
14:00	2	3	3	5	13
15:00	8	7	2	21	38
16:00	12	8	5	11	36
17:00	7	7	9	11	34
18:00	7	7	10	1	25
19:00	7	3	6	4	20
20:00	7	4	2	6	19
21:00	2	5	4	0	11
22:00	4	3	2	0	9
23:00	0	0	0	0	0
				TOTAL:	332

The A.M. peak hour from 7:15 to 8:14 is 27
The P.M. peak hour from 15:45 to 16:44 is 46

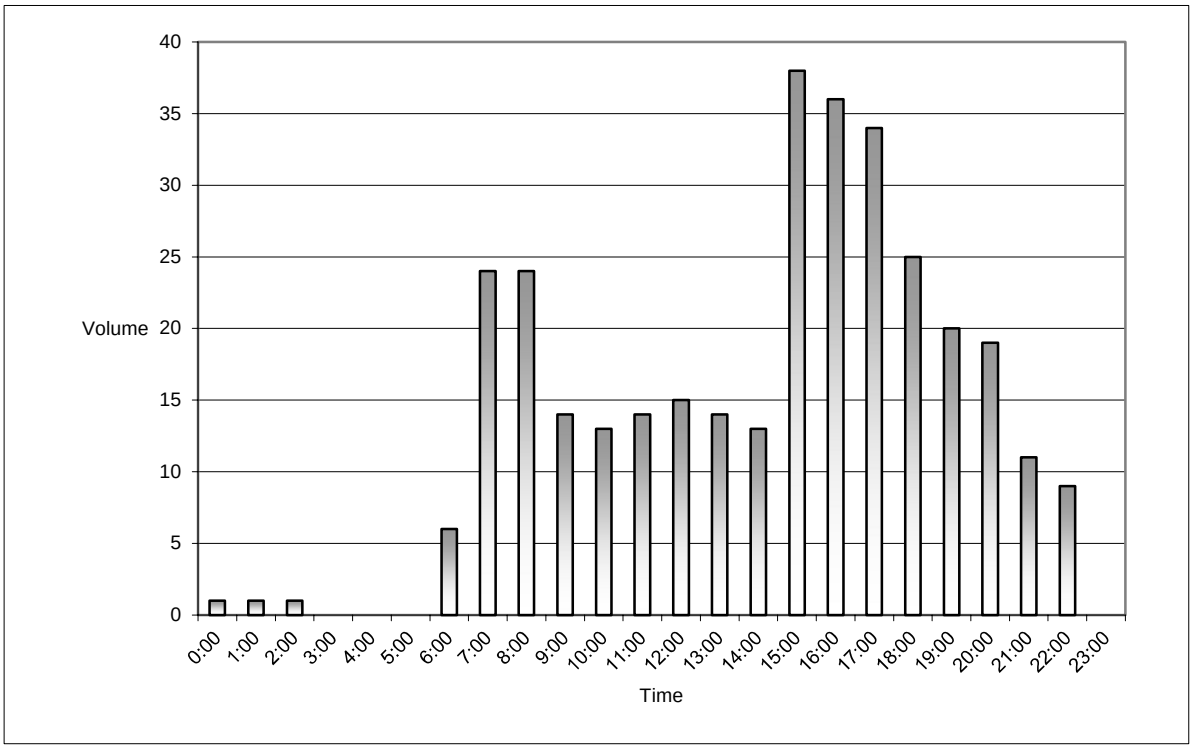


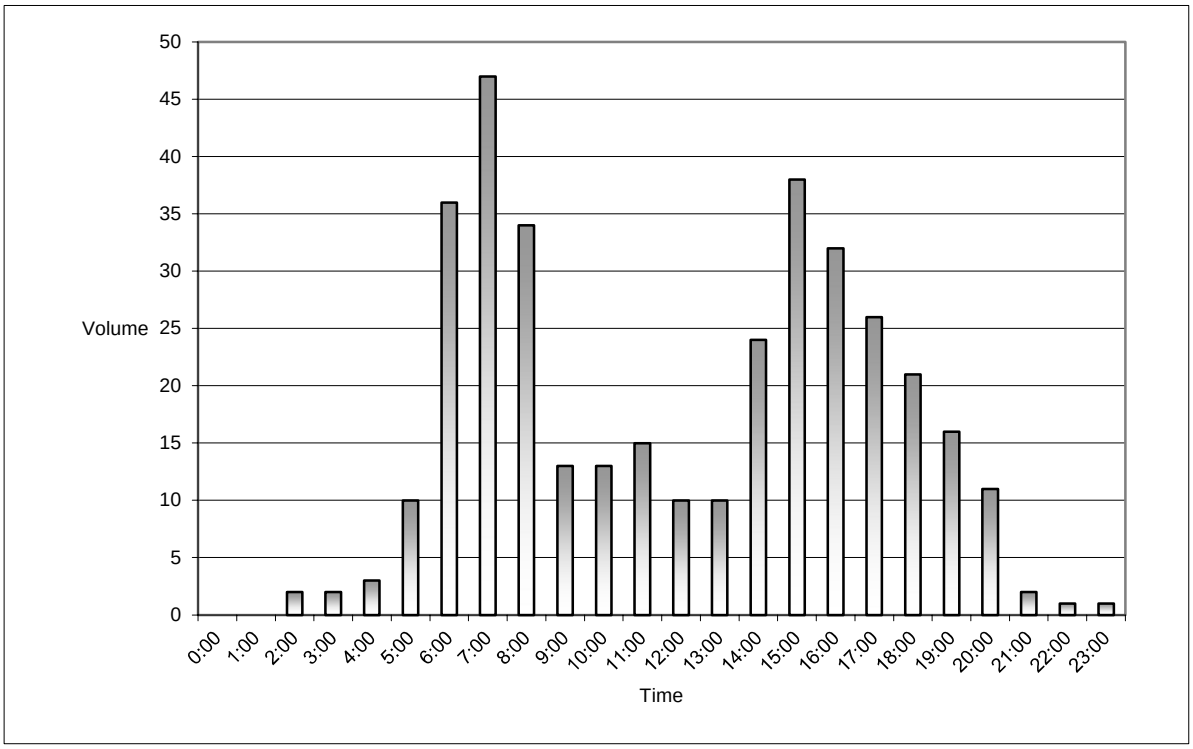
Exhibit 2 - Traffic Counts

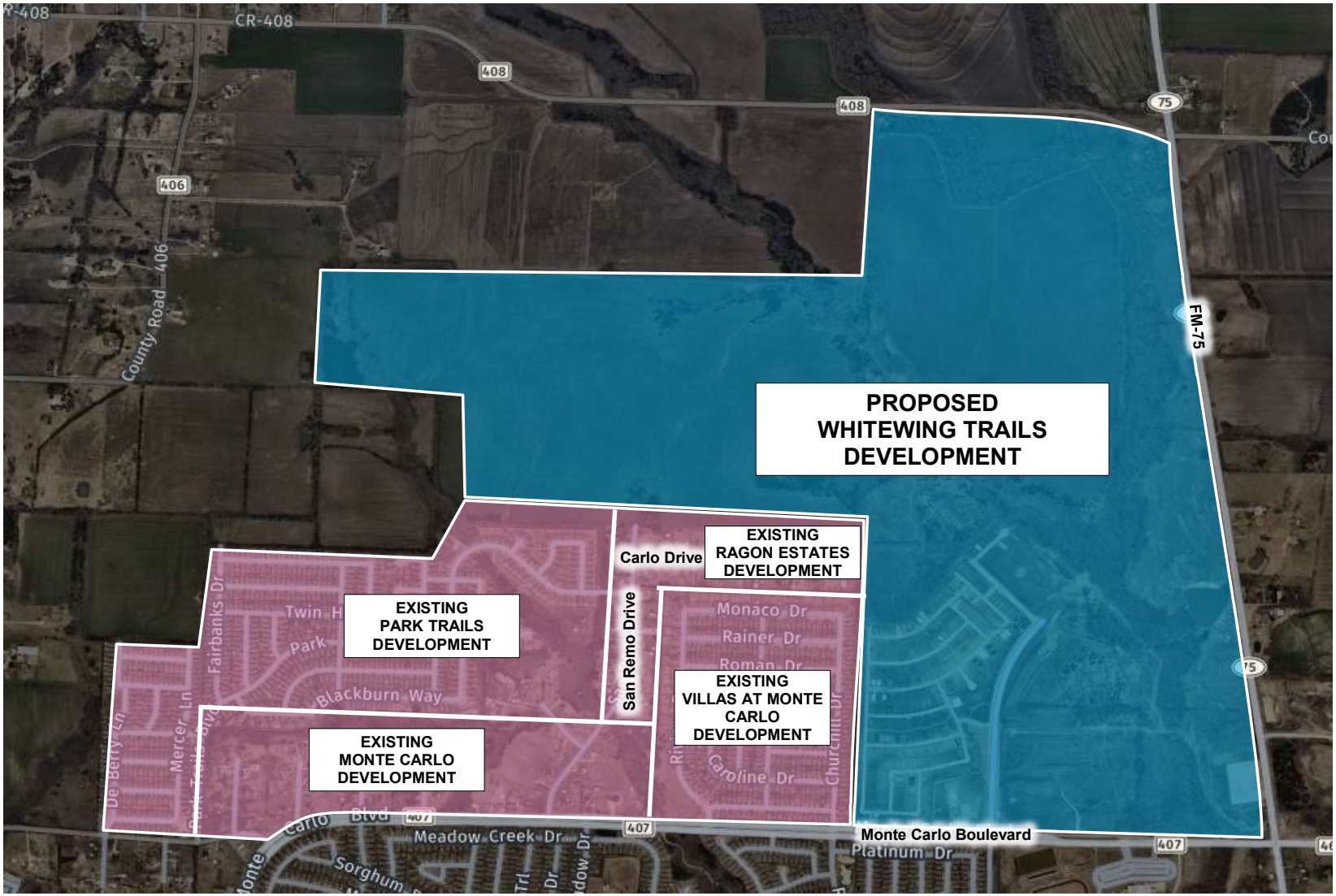
SB San Remo South of Park Trails Boulevard

Date Began:
3/23/2021

TIME	0:00	0:15	0:30	0:45	Total
0:00	0	0	0	0	0
1:00	0	0	0	0	0
2:00	1	0	1	0	2
3:00	0	1	0	1	2
4:00	2	0	1	0	3
5:00	3	3	1	3	10
6:00	6	9	11	10	36
7:00	21	11	7	8	47
8:00	8	19	3	4	34
9:00	3	3	3	4	13
10:00	2	2	3	6	13
11:00	0	8	3	4	15
12:00	1	3	4	2	10
13:00	1	2	6	1	10
14:00	1	10	7	6	24
15:00	9	9	8	12	38
16:00	10	9	7	6	32
17:00	10	3	3	10	26
18:00	10	1	6	4	21
19:00	6	5	3	2	16
20:00	5	3	1	2	11
21:00	0	2	0	0	2
22:00	0	0	1	0	1
23:00	0	0	1	0	1
				TOTAL:	367

The A.M. peak hour from 6:30 to 7:29 is 53
The P.M. peak hour from 15:30 to 16:29 is 39





© Nearmaps

EXHIBIT 3

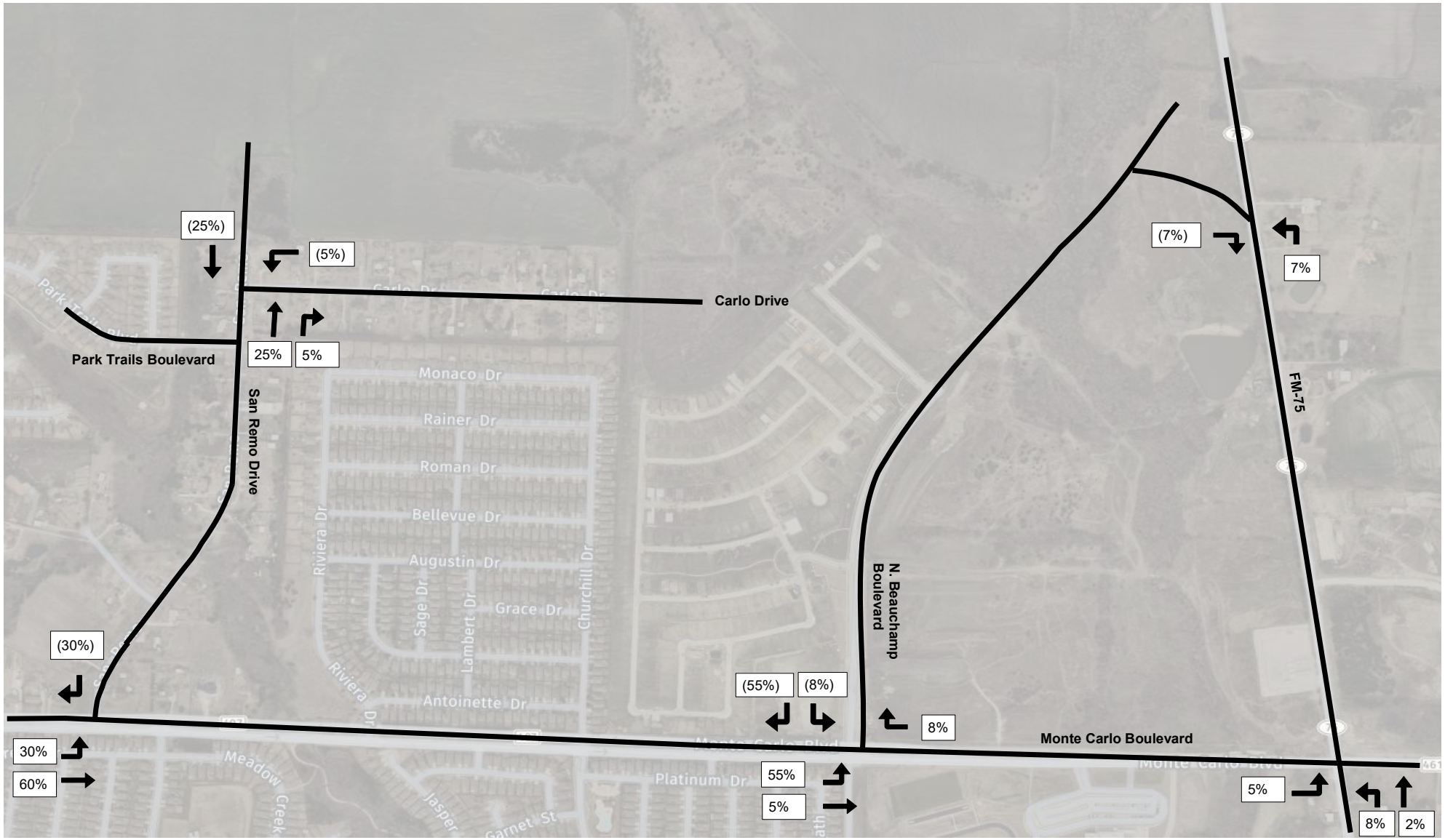
Conceptual Site Plan

San Remo & Carlo Drive Traffic Study - Princeton, Texas

Kimley»Horn

North

Not To Scale



© NearMaps

EXHIBIT 4

Trip Distribution and Traffic Assignment for Whitewing Trails

San Remo & Carlo Drive Traffic Study - Princeton, Texas

Kimley»Horn

LEGEND:
X% (Y%)
X% = Percentage of Inbound Site-Generated Traffic
(Y%) = Percentage of Outbound Site-Generated Traffic

North

Not To Scale

© NearMaps

EXHIBIT 5

2028 Expected Daily Trips

San Remo & Carlo Drive Traffic Study - Princeton, Texas

Kimley»Horn

North

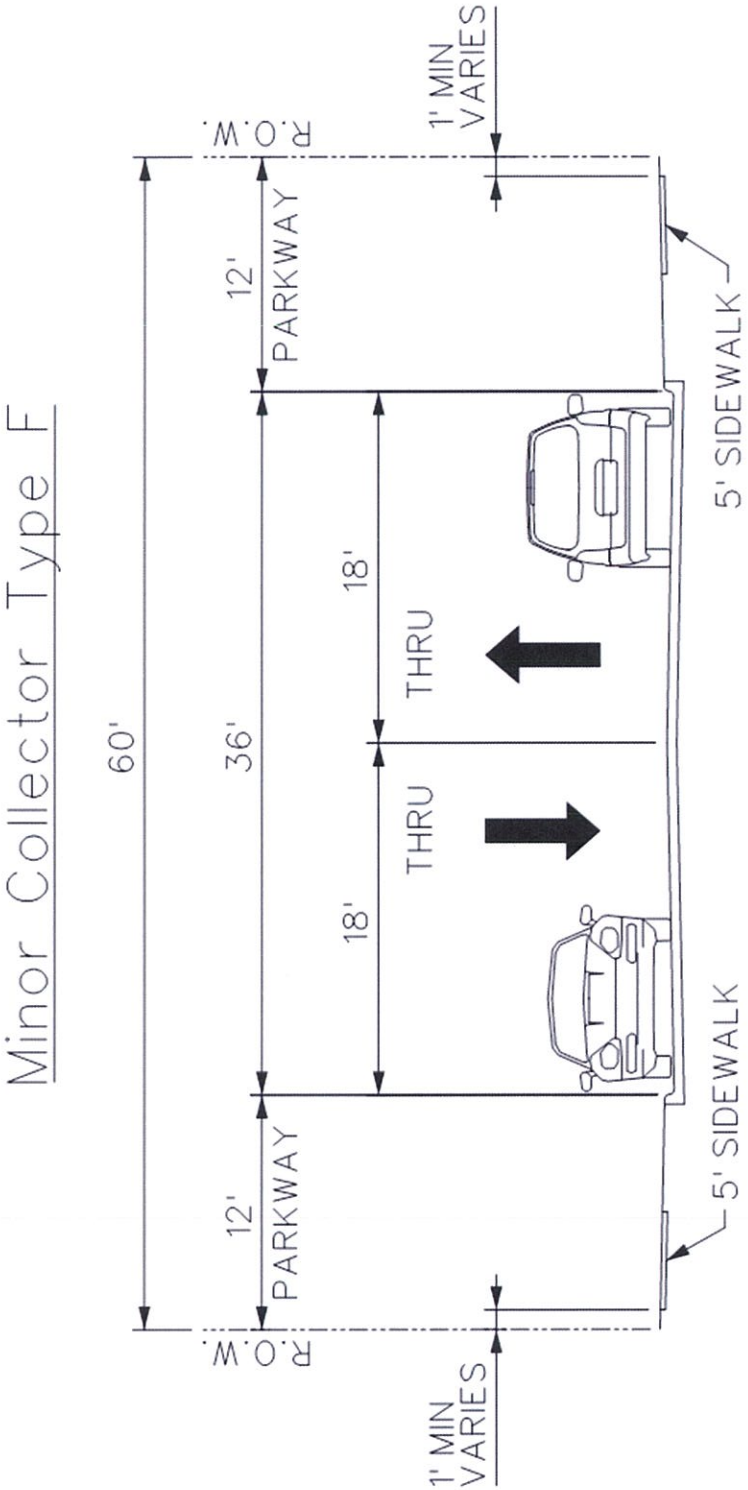
Not To Scale

GEOMETRIC DESIGN STANDARDS

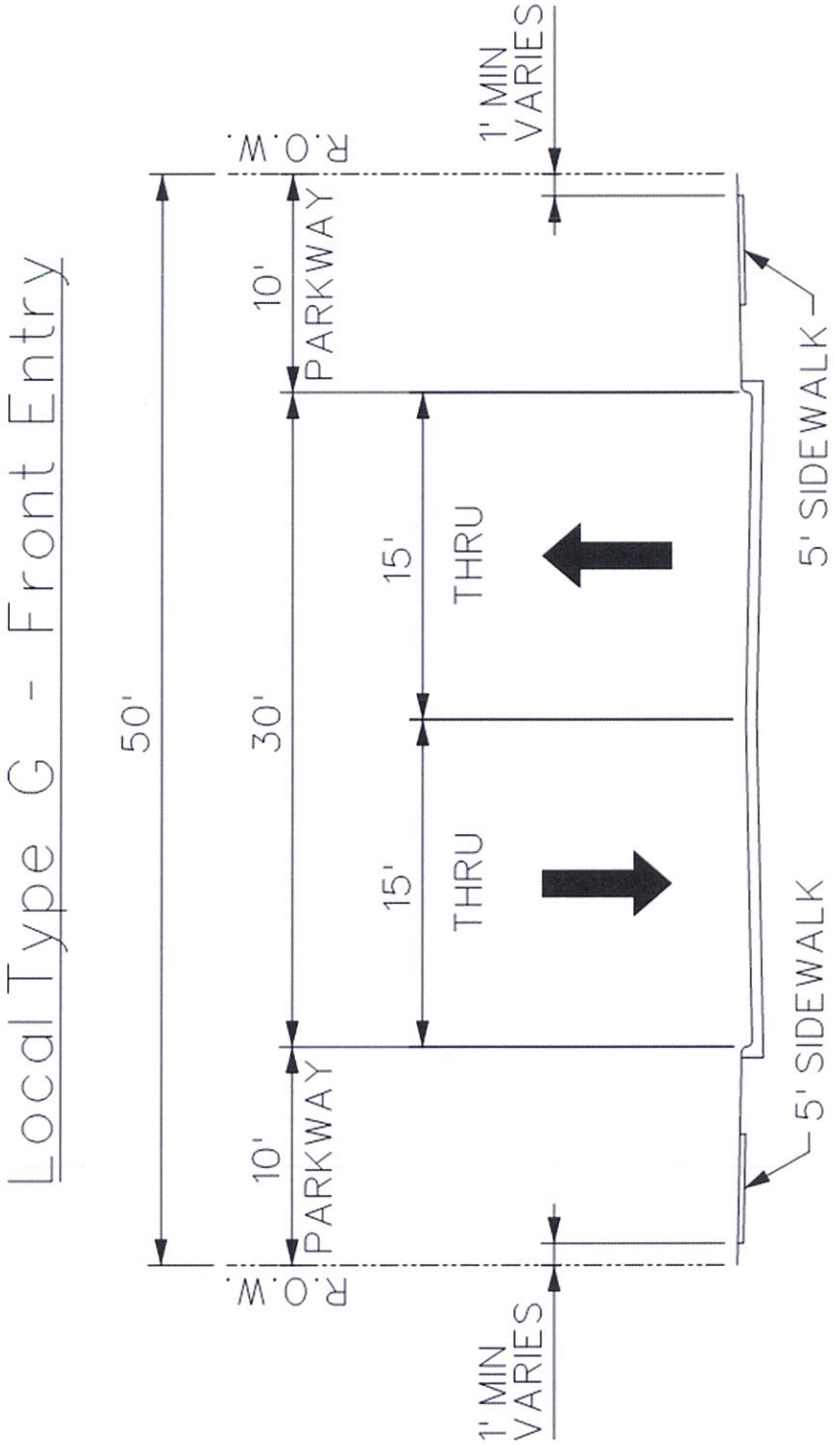
DESIGN ELEMENT	PRINCIPAL ARTERIAL	MAJOR ARTERIAL	MINOR ARTERIAL	COLLECTOR	LOCAL
MINIMUM ROW WIDTH*	130-150	100-115	70-90	60	50
NUMBER OF TRAFFIC LANES	6	4	4	2	2
MINIMUM LANE WIDTH	12	12	11/12	18	13/15
DESIGN SPEED (MPH)	50	45	45	30	30
STOPPING SIGHT DISTANCE	400	400	400	200	200
MEDIAN WIDTH**	30	30/20	NONE	NONE	NONE
MINIMUM LATERAL CLEARANCE	6	6	6	6	-
PARKING PERMITTED	NO	NO	NO	COM-SOME RES-YES	COM-YES RES-YES
MINIMUM HORIZONTAL CENTERLINE CURVATURE	1200	1200	1200	COM-500 RES-350	COM-250 RES-175 ELBOW-50

*RIGHT-OF-WAY REQUIREMENTS FOR STATE HIGHWAYS AND/OR THE PROVISION OF RIGHT TURN LANES MAY EXCEED THIS MINIMUM R.O.W. STANDARD.

**LARGER MEDIANS MAY BE REQUIRED TO PROVIDE FOR MULTIPLE TURN LANES.



PRINCETON Naturally Home	**Figure 2.1 Collector Type- F**	**Standard Construction Details Paving**		
		Date: 9-9-2013	Revision:	Sheet: **6**



PRINCETON Naturally Home	**Figure 2.1** **Local Front Entry** **Type- G**	**Standard Construction Details Paving**		
		Date: 9-9-2013	Revision:	Sheet: **7**