

CITY OF HUNTSVILLE, TEXAS

Russell Humphrey, Mayor

Vicki McKenzie, Mayor Pro Tem
Position 3 At-Large
Bert Lyle, Position 1 At-Large
Karen Denman, Position 2 At-Large
Pat Graham, Position 4 At-Large



Tore Fossum, Ward 1
Casey Cox, Ward 2
Anissa Antwine, Ward 3
Jon Strong, Ward 4

HUNTSVILLE CITY COUNCIL AGENDA

TUESDAY, OCTOBER 1, 2024

WORKSHOP 5:30 P.M. - Main Conference Room
REGULAR SESSION 6:00 P.M. - Main Conference Room

City of Huntsville Service Center Complex, 448 Highway 75 N, Huntsville, Texas, 77320

Persons with disabilities who plan to attend this meeting and may need auxiliary aids or services are requested to contact the City Secretary's office (936.291.5413) two working days prior to the meeting for appropriate arrangements.

WORKSHOP (5:30 p.m.)

DISCUSSION

- a.** Receive a presentation on the requirements of cities with 50,000 population.
Aron Kulhavy, City Manager

MAIN SESSION (6:00 p.m.)

CALL TO ORDER

INVOCATION AND PLEDGES - *U.S. Flag and Texas Flag: Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*

PROCLAMATION

- a.** Proclamation No. 2024-21 First Responders Appreciation Day
Russell Humphrey, Mayor
- b.** Proclamation No. 2023-5 Sexual Assault Awareness Month
Russell Humphrey, Mayor

PRESENTATIONS

- a.** Huntsville Public Library recap of the spring and summer programs and activities.
Lisa Lance, City Librarian

PUBLIC HEARING

1. CONSENT AGENDA

The presiding officer will call for public comments before action is taken on these items. *(Approval of Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion by request of a member of Council.)*

- a.** Consider approving the Minutes from the September 17, 2024, Regular City Council Meeting.

Kristy Doll, City Secretary

- b. Consider ratifying purchases from Walker County Hardware in fiscal year 2023-2024 in the amount of \$100,379 and approval of purchases from Walker County Hardware in fiscal year 2024-2025 for an amount not to exceed \$120,000.
Steve Ritter, Finance Director
- c. Consider adoption of Ordinance 2024-26 to amend the budget for FY 24-25 and/or CIP Project Budgets.
Steve Ritter, Finance Director
- d. Consider approval of continued annual maintenance with Tyler Technologies for Finance, Public Safety, Utility Billing, time-keeping, and Municipal Court software.
Bill Wavra, IT Director
- e. Consider approval of continued phone and data services with Verizon Wireless through the State of Texas Department of Information Resources (DIR) contract.
Bill Wavra, IT Director
- f. Consider approval of continued annual maintenance with CivicPlus for City Website, City Secretary, and Development Services software.
Bill Wavra, IT Director
- g. Consider approval of continued annual maintenance with Onix Networking Corporation for Google Workspace.
Bill Wavra, IT Director
- h. Consider approval of annual maintenance with Lodestone for Antivirus Protection and Monitoring
Bill Wavra, IT Director
- i. Consider renewal of the Microsoft Enterprise software agreement.
Bill Wavra, IT Director
- j. Consider approval of continued fiber and cable communication services with Optimum.
Bill Wavra, IT Director
- k. Consider the purchase of FY 2025 vehicles, from multiple vendors, authorizing the City Manager to award the contract.
Brent Sherrod, Public Works Director
- l. Consider adopting Resolution 2024-18 designating The Huntsville Item as the official newspaper for the City of Huntsville for the Fiscal Year 2024-2025.
Kristy Doll, City Secretary
- m. Consider Resolution 2024-19 authorizing the City Manager to apply for and accept, if awarded, funding under the U.S. Department of Justice – BJA FY 24 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation and enter into an Interlocal Agreement with Walker County.
Ashley Brown, Grants Manager

2. STATUTORY AGENDA

- a. **First Reading** - Consider authorizing the City Manager to enter into a contract for furniture for the new City Hall Project.
Kathlie Jeng-Bulloch, City Engineer
- b. **First Reading** - Consider authorizing the City Manager to award the construction contract for Capital Improvements Program (CIP) FY 22 Waterline Replacement Projects.
Kathlie Jeng-Bulloch, City Engineer

- c. Consider Ordinance 2024-24, levying special assessments for, and apportioning the costs of, certain improvements to property in and for the Reserves of Huntsville Public Improvement District; fixing a charge and lien against all properties within 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 the district and the real and true owners thereof; approving a service and assessment plan; providing a severability clause; and providing an effective date.

Kevin Byal, Director of Development Services

- d. Consider Resolution 2024-20, approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum (PLOM) for the City of Huntsville, Texas Special Assessment Revenue Bonds, Series 2024 for the Reserves of Huntsville Public Improvement District.

Kevin Byal, Director of Development Services

- e. Consider Resolution 2024-21 accepting the Preliminary Service and Assessment Plan for the Reserves of Huntsville Public Improvement District; Setting a date for a public hearing; Authorizing the publication of notice; and enacting other provisions related thereto.

Kevin Byal, Director of Development Services

3. CITY COUNCIL/MAYOR/CITY MANAGER

- a. Consider temporarily suspending the Rules of Procedure Section 3.01 requiring a regular City Council meeting on the first Tuesday of the month for the November 5, 2024, Regular City Council meeting.

Kristy Doll, City Secretary

- b. Consider nominating one candidate for each of the five Board of Director Positions for the Walker County Appraisal District's (WCAD) Board of Directors.

Russell Humphrey, Mayor

- c. Consider the appointments to the City of Huntsville Boards and Commissions.

Russell Humphrey, Mayor

4. MEDIA INQUIRIES RELATED TO MATTERS ON THE AGENDA

5. ITEMS OF COMMUNITY INTEREST

6. EXECUTIVE SESSION

- a. The City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.071, to receive legal advice on City Hall Project.

Leonard Schneider, City Attorney

7. RECONVENE

Take action on item discussed in executive session, if needed.

ADJOURNMENT

*If during the course of the meeting and discussion of any items covered by this notice, City Council determines that a Closed or Executive session of the Council is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 – consultation with counsel on legal matters; 551.072 – deliberation regarding purchase, exchange, lease or value of real property; 551.073 – deliberation regarding a prospective gift; 551.074 – personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; 551.076 – implementation of security personnel or devices; 551.087 – deliberation regarding economic development negotiation; Sec. 551.089 - deliberation regarding security devices or security audits; and/or other matters as authorized under the Texas Government Code. If a Closed or Executive session is held in accordance with the Texas Government Code as set out above, the City Council will reconvene in Open Session to take action, if necessary, on the items addressed during Executive Session.

CERTIFICATE

I, Kristy Doll, City Secretary, do hereby certify that the above notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.HuntsvilleTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING: September 27, 2024

TIME OF POSTING: 10:15 a.m.

TAKEN DOWN:

Kristy Doll

Kristy Doll, City Secretary



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: a.

Agenda Item: Receive a presentation on the requirements of cities with 50,000 population.

Initiating Department/Presenter: City Manager

Presenter:

Aron Kulhavy, City Manager

Recommended Motion: Not applicable

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: a.

Agenda Item: Proclamation No. 2024-21 First Responders Appreciation Day

Initiating Department/Presenter: City Council

Presenter:
Russell Humphrey, Mayor

Recommended Motion: Not Applicable

Strategic Initiative: N/A

Discussion: N/A

Previous Council Action: N/A

Financial Implications: N/A

Approvals:
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: b.

Agenda Item: Proclamation No. 2023-5 Sexual Assault Awareness Month

Initiating Department/Presenter: City Council

Presenter:
Russell Humphrey, Mayor

Recommended Motion: Not Applicable

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: a.

Agenda Item: Huntsville Public Library recap of the spring and summer programs and activities.

Initiating Department/Presenter: Other

Presenter:

Lisa Lance, City Librarian

Recommended Motion: na

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.a.

Agenda Item: Consider approving the Minutes from the September 17, 2024, Regular City Council Meeting.

Initiating Department/Presenter: City Secretary

Presenter:

Kristy Doll, City Secretary

Recommended Motion: Motion to approve the Minutes from the September 17, 2024, Regular City Council Meeting.

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information:

1. City Council Meeting Minutes 9-17-2024

HUNTSVILLE CITY COUNCIL MINUTES REGULAR MEETING HELD ON THE 17th DAY OF SEPTEMBER 2024 AT 6:00 P.M. AT THE CITY OF HUNTSVILLE SERVICE CENTER COMPLEX, LOCATED AT 448 HIGHWAY 75, IN THE CITY OF HUNTSVILLE, WALKER COUNTY, TEXAS

The City Council met in regular session with the following:

COUNCILMEMBERS PRESENT: Mayor Humphrey, Mayor Pro Tem McKenzie, Councilmember At-Large Position 1 Lyle, Councilmember Ward 1 Fossum, Councilmember At-Large Position 2 Denman, Councilmember Ward 2 Cox, Councilmember Ward 3 Antwine, Councilmember At-Large Position 4 Graham, Councilmember Ward 4 Strong

COUNCILMEMBERS ABSENT:

OFFICERS PRESENT: Aron Kulhavy, City Manager; Sharon Schultz, Deputy City Secretary; Leonard Schneider, City Attorney

OFFICERS ABSENT: Kristy Doll, City Secretary

WORKSHOP (4:00 p.m.)

Mayor Humphrey called the workshop to order at 4:07 p.m.

DISCUSSION

- a. **Receive presentations from the following consulting firms regarding recruitment services for the City Manager position.**
 - a. **SGR**
 - b. **Clear Career Professionals**
 - c. **Bakertilly**
Brian Beasley, HR Director

Bakertilly addressed questions for City Council first. Clear Career Professionals addressed questions for Council second. SGR did not attend the workshop.

Mayor Humphrey adjourned the workshop without objection at 5:16 p.m.

MAIN SESSION CALL TO ORDER

Mayor Humphrey called the meeting to order at 6:00 p.m.

INVOCATION AND PLEDGES - *U.S. Flag and Texas Flag: Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.*

Mayor Humphrey gave the invocation and led the pledges.

PUBLIC HEARING

- a. **Public Hearing on the Tax Year 2024 (FY 2024/2025) Tax Rate for the City of Huntsville.**
Steve Ritter, Finance Director

Mayor Humphrey opened the Public Hearing at 6:01 p.m.

Mayor Humphrey called for citizen comments, there were no comments from the public.

Mayor Humphrey closed the Public Hearing at 6:04 p.m.

- b. Public Hearing on Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV “Stormwater Utility System”, to add the Division 3 “Stormwater Utility Fees”, to establish a schedule of rates and charges to be assessed: providing for drainage service, billing, and providing for an effective date.
Kathlie Jeng-Bulloch, City Engineer**

Mayor Humphrey opened the Public Hearing at 6:04 p.m.

Mayor Humphrey called for citizen comments, there were no comments from the public.

Mayor Humphrey closed the Public Hearing at 6:17 p.m.

1. CONSENT AGENDA

The presiding officer will call for public comments before action is taken on these items. (*Approval of Consent Agenda authorizes the City Manager to implement each item in accordance with staff recommendations. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion by request of a member of Council.*)

- a. Consider approving the Minutes from the September 3, 2024, Regular City Council Meeting.
Kristy Doll, City Secretary**
- b. Consider authorizing the City Manager to purchase IT infrastructure equipment for the new City Hall Building.
Bill Wavra, IT Director
Kathlie Jeng-Bulloch, City Engineer**
- c. Consider authorizing the City Manager to approve the annual purchase of various automotive parts and equipment used in repair of City vehicles.
Brent Sherrod, Public Works Director**
- d. Consider authorizing the City Manager to award a purchasing agreement based on product price, availability, and reasonable delivery time for tires established by the Buy Board Cooperative.
Brent Sherrod, Public Works Director**

Consent Agenda Item 1.d. was moved from the Consent Agenda to the Statutory Agenda for discussion.

Councilmember Vicki McKenzie made a motion to approve Consent Agenda items a through c. The motion was seconded by Councilmember Anissa Antwine. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

2. STATUTORY AGENDA

- 1.d. Consider authorizing the City Manager to award a purchasing agreement based on product price, availability, and reasonable delivery time for tires established by the Buy Board Cooperative.
Brent Sherrod, Public Works Director**

Councilmember Vicki McKenzie made a motion to consider authorizing the City Manager to award a purchasing agreement based on product price, availability, and reasonable delivery time for tires established by the Buy Board Cooperative. The motion was seconded by Councilmember Anissa Antwine. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

- a. Consider approval of Ordinance 2024-24 to adopt the FY 2024/2025 Budget with all policies, fees, rates, and provisions as referenced therein. Record/rollcall vote required.**

Steve Ritter, Finance Director

Councilmember Vicki McKenzie made a motion to pass Ordinance 2024-24 to adopt the FY 2024/2025 Budget with all policies, fees, rates and provisions as referenced therein. The motion was seconded by Councilmember Pat Graham. The motion passed 9 - 0.

roll call vote:

Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox

No: None

- b. Consider ratifying the increased property tax revenues of \$1,409,670 reflected in the FY 2024-2025 Budget as adopted.**

Steve Ritter, Finance Director

Councilmember Tore Fossum made a motion to ratify the increased property tax revenues of \$1,409,670 reflected in the FY 2024-2025 Budget as adopted. The motion was seconded by Councilmember Anissa Antwine. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

- c. Consider approval of Ordinance 2024-25 adopting the Tax Rate of \$0.3445 per \$100 valuation, approving both components: one component being M&O at \$0.2760 and the other component being Debt Service at \$0.0685 and levying taxes for the City of Huntsville for the FY 2024/2025. Record/rollcall vote required.**

Steve Ritter, Finance Director

Councilmember Vicki McKenzie made a motion to adopt Ordinance 2024-25 adopting the Tax Rate of \$0.3445 per \$100 valuation, approving both components, one component being M&O at \$0.2760 and the other component being Debt Service at \$0.0685 and levying taxes for the City of Huntsville for the FY 2024/2025. This tax rate is effectively a 9.5% increase in the tax rate. The motion was seconded by Councilmember Tore Fossum. The motion passed 9 - 0.

roll call vote:

Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox

No: None

- d. Second Reading - Consider adoption of Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormwater Utility Fees", to establish a schedule of rates and charges to be assessed; providing for drainage service, billing, and providing for an effective date.**

Kathlie Jeng-Bulloch, City Engineer

Councilmember Vicki McKenzie made a motion to approve Ordinance 2024-22, amending Chapter 46 Utilities of the Huntsville Municipal Code, Article IV "Stormwater Utility System", to add the Division 3 "Stormwater Utility Fees", to establish a schedule of rates and charges to be assessed: providing for drainage service, billing, and providing for an effective date. The motion was seconded by Councilmember Jon Strong. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

3. CITY COUNCIL/MAYOR/CITY MANAGER

- a. Consider the appointments to the City of Huntsville Boards and Commissions.
Russell Humphrey, Mayor**

BOARD NAME	SEAT #	APPOINT/ REAPPOINT	BOARD MEMBER	TERM EXPIRES
CEMETERY				
	5	Appoint	Samuel Massey	8-31-2026
	8	Appoint	Carrol Barret	8-31-2026
MAIN STREET				
	2	Appoint	Bridget Maloney	8-31-2026
	7	Appoint	Madelyn Adler	8-31-2026
	6	Reapp.	Malissa Williams	8-31-2026
TOURISM				
	2	Appoint	Lisa Trow	8-31-2025
	5	Reapp.	Tammy Farkas	8-31-2027
	9	Reapp.	Caroline Crimm	8-31-2027
HOUSING				
	1	Reapp.	Sally Dowis	8-31-2026
	4	Reapp.	Cynthia Cooper	8-31-2026
ARTS				
	7	Appoint	Cheryl Spencer	8-31-2027
LIBRARY				
	2	Reapp.	Amanda Smithson	8-31-2027

Mayor Russell Humphrey nominated Board and Commission members as presented. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

- b. The City Council of Huntsville will cast their vote by a majority vote for the Texas Municipal League Region 14 Director position.
Kristy Doll, City Secretary**

Councilmember Vicki McKenzie nominated Frank Robinson to serve as the Texas Municipal League Region 14 director position. The nomination passed 9 - 0 Yes: Mayor Russell Humphrey, Vicki McKenzie, Pat Graham, Jon Strong, Bert Lyle, Casey Cox, Karen Denman, Anissa Antwine, Tore Fossum; No; None

- c. Consider authorizing the City Manager to enter into a Fixed Based Operation (FBO), lease agreement with Huntsville Aviation to provide aeronautical services at the Bruce Brothers Huntsville Regional Airport.
Aron Kulhavy, City Manager**

Councilmember Vicki McKenzie made a motion to remand the lease back to the Airport Advisory Board for an additional 30-days to complete the process as requested from the Airport Advisory Board. The motion was seconded by Councilmember Tore Fossum. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

- d. Consider selecting a recruitment firm for the City Manager search.
Brian Beasley, HR Director**

Councilmember Casey Cox made a motion to enter into an agreement with Bakertilly recruitment firm for the City Manager search. The motion was seconded by Councilmember Pat Graham. The motion passed 9 - 0. Yes: Russell Humphrey, Karen Denman, Vicki McKenzie, Jon Strong, Pat Graham, Bert Lyle, Anissa Antwine, Tore Fossum, Casey Cox; No: None

4. MEDIA INQUIRIES RELATED TO MATTERS ON THE AGENDA

None

5. ITEMS OF COMMUNITY INTEREST

Councilmembers announced Items of Community Interest.

Mayor Humphrey canceled and pulled the executive session from the agenda.

CANCELLED 6. EXECUTIVE SESSION

City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.071, to receive legal advice on personnel matters involving Charter Officers and Chapter 551, Section 551.074 – Personnel Matters: regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee: City Manager Aron Kulhavy.
Aron Kulhavy, City Manager

ADJOURNMENT

Mayor Humphrey adjourned the meeting without objection at 7:07 p.m.

ATTEST:

CITY OF HUNTSVILLE

Sharon Schultz, Deputy City Secretary

Russell Humphrey, Mayor



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.b.

Agenda Item: Consider ratifying purchases from Walker County Hardware in fiscal year 2023-2024 in the amount of \$100,379 and approval of purchases from Walker County Hardware in fiscal year 2024-2025 for an amount not to exceed \$120,000.

Initiating Department/Presenter: Finance

Presenter:

Steve Ritter, Finance Director

Recommended Motion: Move to ratify purchases from Walker County Hardware in fiscal year 2023 - 2024 in the amount of \$100,379 and approve purchases from Walker County Hardware in fiscal year 2024 - 2025 for an amount not to exceed \$120,000.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: State law and City policy require Council approval for purchases from any vendor that equals or exceeds \$50,000. Until recently it was unknown that purchases from Walker County Hardware for fiscal year 2023 - 2024 had exceeded \$50,000. Purchases for fiscal year 2024 - 2025 from Walker County Hardware are expected to be \$120,000 or less. City departments make purchases almost daily from Walker County Hardware in order to efficiently obtain products needed so that work is not slowed down. The City has a pricing agreement with Walker County Hardware that expires September 30, 2025.

Previous Council Action: None

Financial Implications: Expenditures for purchases from Walker County Hardware for tools, supplies, materials, etc. are budgeted in numerous accounts in numerous Departments/Divisions city wide.

Approvals:

Steve Ritter

Steve Ritter

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.c.

Agenda Item: Consider adoption of Ordinance 2024-26 to amend the budget for FY 24-25 and/or CIP Project Budgets.

Initiating Department/Presenter: Finance

Presenter:

Steve Ritter, Finance Director

Recommended Motion: Move to approve Ordinance 2024-26 to amend the budget for FY 24-25 and/or CIP Project Budgets.

Strategic Initiative: Strategic Priority #3 - Quality of Life: Establish an environment where citizens can thrive and enjoy the City in which they live. Provide services that enhance the quality of life for all, with a focus on the full life cycle (children, students, families, and retirees) by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment. Strategic Priority #4 - Infrastructure: Develop and maintain a comprehensive and well planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage, and transportation services.

Discussion: Detailed explanation for the Budget Amendments is provided in the attachment, Exhibit A, to the Ordinance. The first 2 Budget Amendments were discussed with the Finance Committee at their September 17, 2024 meeting and the third Budget Amendment was discussed with the Finance Committee at their October 1, 2024 meeting.

Previous Council Action: None

Financial Implications: See detailed explanation in Exhibit A

Approvals:

Steve Ritter

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:

1. Ordinance 2024-26 for 10.01.24 City Council meeting
2. BAs 10.1.24 City Council

ORDINANCE NO. 2024-26

AN ORDINANCE OF THE CITY OF HUNTSVILLE, TEXAS, AMENDING THE 2024-2025 ANNUAL BUDGET AND CAPITAL IMPROVEMENTS PROJECTS (CIP) BUDGETS, ORDINANCE NO. 2024-24 TO AMEND ADOPTED EXPENDITURES OF THE BUDGET; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the 2024-2025 Annual Budget and CIP Budgets were adopted by Ordinance 2024-24 on September 17, 2024;

WHEREAS, various unforeseen circumstances affecting the City have presented themselves during the course of the fiscal year;

WHEREAS, the City Council considered the circumstances independently, deliberating appropriately on the associated revenues and expenditures and the overall impact on the general financial status of the City;

WHEREAS, pursuant to the laws of the State of Texas and the City Charter of the City of Huntsville, Texas, the City Council has determined that it will be beneficial and advantageous to the citizens of the City of Huntsville to amend the annual budget for fiscal year 2024 – 2025 and the Capital Improvements Projects (CIP) budget as set forth herein; and

WHEREAS, this ordinance combines the independent Council actions into one budget amendment document;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, that:

Section 1. The findings set forth above are incorporated into the body of this ordinance.

Section 2. The annual budget for fiscal year 2024 – 2025 is hereby amended to include the expenditures and revenues in Exhibit “A” and the Capital Improvements Projects budget is hereby amended to include the expenditures described in Exhibit “A” attached hereto and made a part of this ordinance as if set out verbatim herein.

Section 3. All ordinances of the City in conflict with the provisions of this ordinance are hereby repealed, and all other ordinances of the City not in conflict with the provisions of this ordinance shall remain in full force and effect.

Section 4. Should any section, portion, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, it shall not invalidate or impair the force or effect of any other section or portion of this ordinance.

Section 5. The necessity for amending the budget for the fiscal year 2024 – 2025 and Capital Improvements Projects, as required by the laws of the State of Texas, requires that this ordinance shall take effect immediately from and after its passage, as the law in such cases provides.

Section 6. This ordinance shall take effect immediately after its passage.

PASSED AND APPROVED on this the 1st day of October 2024.

THE CITY OF HUNTSVILLE, TEXAS

Russell Humphrey, Mayor

ATTEST:

APPROVED AS TO FORM:

Kristy Doll, City Secretary

Leonard Schneider, City Attorney

Budget Amendments FY 24-25

City Council - October 1, 2024

Exhibit A

Source	Life to Date (through 8/31/24) interest earnings from bond proceeds	\$	1,620,000
Increase	Service Center CIP	\$	98,000
Increase	City Hall CIP	\$	1,522,000

Explanation:	Interest earnings life-to-date on the bond proceeds from the 2020 General Obligation bonds issued for construction costs for the new Service Center and City Hall facilities is around \$1,620,000. The remaining budget balance for the Service Center CIP is approximately \$687,000. Additional costs to be charged to Construction for the Service Center are around \$210,000 in Change Orders and somewhere around \$575,000 for the demolition of the old Service Center building and construction of the new parking lot (bids have not been requested for this work as the old Service Center building is still needed until the new City Hall is completed and the Engineering and Community Development departments can move from the old Service Center building). Total anticipated additional costs to complete the Service Center CIP is \$785,000; this requires an additional \$98,000 of budget for the project. Currently the City Hall CIP has a remaining budget of approximately \$472,000. It is anticipated the actual cost to complete the project will be close to \$1,444,000 including Furniture, Fixtures & Equipment (FF&E); with FF&E being around \$972,000. The "excess" of the \$1,522,000 over the anticipated \$1,444,000 actual costs in the amount of \$78,000 can cover Change Orders or if not needed could be transferred to other projects (with Council approval) or transferred to the General Fund (also with Council approval). Future interest earnings may be requested to cover projects costs if these Budget Amendments are not sufficient for actual costs through completion of the projects.
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Increase	Drainage Fees Revenue	\$	1,316,000
Increase	Drainage Maintenance Division - all operational costs	\$	295,600
Increase	Drainage Fund - Debt Service	\$	1,020,400
Decrease	Utility Fund - Drainage Maint. Div. - all operational costs	\$	295,600

Explanation:	These budget amendments will provide for the Revenues and Expenditures for the Stormwater Sewer/Drainage Maintenance Fund that Council approved creation of at their September 17, 2024 meeting. The revenue amount is per information provided in the Public Hearing agenda item of Council's September 3, 2024 meeting. Drainage Maintenance Division costs are equal to what was budgeted in the Utility Fund for FY 24-25 (the costs are being taken out of the Utility Fund and moved to the Stormwater Sewer/Drainage Maintenance Fund). The Debt Service costs are based on the difference in the total revenues of \$1,316,000 and the Drainage Maintenance Division operational costs of \$295,600. It is estimated the City could issue approximately \$13,500,000 in debt for drainage/storm sewer projects with \$1,020,400 available for Debt Service.
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Increase	ARPA - 16" Sam Houston Ave. waterline project	\$	609,796
Increase	ARPA - 7 various 6" waterlines	\$	113,204
Decrease	Prop 3 Bonds WW Projs - AJ-11 Basin Gravity Swr. Line Replace	\$	363,127
Decrease	WW CIP (Fund 702) - Trib. A 10" WW Line Replace	\$	359,873

Explanation:	Additional budget is needed for 2 of the ARPA waterline projects. The ARPA waterline projects were initially funded in the 21 - 22 fiscal year with American Rescue Plan Act monies received from the federal government. The "16 inch Sam Houston Ave. waterline project was initially budgeted with an amount of \$520,000 for construction. Additional budget amounts were added in fiscal years 22-23 and 23-24 totalling about \$169,000. With this requested \$609,796 the total project construction budget will be around \$1,298,800. The "7 various 6 inch waterlines" project was initially budgeted with an amount of \$850,000 for construction. Additional budget amounts were added in fiscal years 22-23 and 23-24 totalling about \$576,200. With the requested \$113,204 the total project construction budget will be around \$1,539,400.
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CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.d.

Agenda Item: Consider approval of continued annual maintenance with Tyler Technologies for Finance, Public Safety, Utility Billing, time-keeping, and Municipal Court software.

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion: Move to approve continued annual maintenance with Tyler Technologies for Finance, Public Safety, Utility Billing, and Municipal Court software in the amount of \$154,015.11

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: The City of Huntsville IT Department manages financial, public safety, utility billing, and municipal court software packages provided by Tyler Technologies.

The City utilizes Tyler New World Systems Financial Software to manage payroll, project accounting, purchasing, accounts payable, miscellaneous billing, asset management, time keeping, and budget reporting.

Utility Billing and Solid Waste initially purchased Tyler Technologies to maintain commercial and residential service data as well as customer information for water, sewer, and trash billing. Since then, the Police and Municipal Court have acquired modules. The police utilize the Public Safety module for report writing and integrate it with dispatch software to pull prior arrest and warrant information. The Municipal Court uses Tyler Technologies for ticket fee collection.

Last year (FY23/24), the annual maintenance fee was \$142,174.08. The combined maintenance fee for this year (FY24/25) will be \$154,015.11.

Previous Council Action: Tyler Technologies - Public Safety, Utility Billing, and New World on 10/3/2023

Financial Implications: Item is budgeted:101-640-55570 In the amount of: \$119,979.89
Item is budgeted:602-433-55570 In the amount of: \$34,035.22

Approvals:

Bill Wavra

Steve Ritter

Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.e.

Agenda Item: Consider approval of continued phone and data services with Verizon Wireless through the State of Texas Department of Information Resources (DIR) contract.

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion: Move to approve continued phone and data services with Verizon Wireless through the State of Texas Department of Information Resources (DIR) contract for the estimated cost of \$75,000.

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:

Verizon Wireless has been the City of Huntsville's carrier for the past thirteen years. Services include cell phones and air cards (mobile network connections). Currently, the City has 66 cellular phones and 112 air cards. The City of Huntsville is on monthly terms with Verizon, and the amount requested is for one year of service.

All departments use cellular services to perform daily job tasks, including, but not limited to, Inspections, Surveying, Streets and Public Works. Cellular and data services are essential for the Police and Fire Departments to perform their duties, such as communication with dispatch, reporting, transferring video from body-worn and dash cameras, license plate readers, and ticketing.

The City of Huntsville IT Department recommends maintaining Verizon as the City's primary mobile data and cell phone carrier due to extensive coverage within the city limits and throughout the county.

Verizon Wireless is a State of Texas Cooperative DIR member in good standing under contract #DIR-TELE-CTSA-015.

The total annual cellular cost with Verizon last year (FY23/24) was \$75,700. This year's projected total annual cellular cost with Verizon (FY24/25) is \$75,000.

Previous Council Action: Verizon Wireless - Phone and Data Services on 10/3/2023

Financial Implications: Item is Budgeted: All Departments - In the amount of: \$75,000.00

Approvals:

Bill Wavra
Steve Ritter
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.f.

Agenda Item: Consider approval of continued annual maintenance with CivicPlus for City Website, City Secretary, and Development Services software.

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion: Move to approve continued annual maintenance with CivicPlus for City Website, City Secretary, and Development Services software for the estimated cost of \$76,500.

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: The City of Huntsville IT Department manages the website, City Secretary, and Development Services software provided by CivicPlus.

Information Technology initially purchased the CivicPlus website hosting for the City of Huntsville and the Statue/Visitor Center. Since then, the City has acquired additional services. These include CivicClerk, which manages City Council agendas and voting, and CivicGov, which manages permitting, health inspections, and liquor licensing.

The combined annual maintenance fee was \$73,700 last year (FY23/24). The fee for this year (FY24/25) is budgeted at \$76,500.

Previous Council Action: CivicPlus – City Website, HR, City Secretary, and Development Services on 10/3/2023

Financial Implications: Item is budgeted: 101-640-55570 In the amount of: \$76,500

Approvals:

Bill Wavra

Steve Ritter

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.g.

Agenda Item: Consider approval of continued annual maintenance with Onix Networking Corporation for Google Workspace.

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion:

- Move to approve continued annual maintenance with Onix Networking Corp. for Google Workspace for the estimated cost of \$77,418.

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: The City of Huntsville IT Department manages citywide business apps and collaboration tools with Google Workspace.

Google Workspace provides staff and the council with enterprise email, calendars, spam filtering, document storage, and cloud collaboration tools. Additionally, Information Technology uses Google Workspace extensively to manage phishing attack mitigation and malware distribution.

Last year (FY23/24), the combined annual maintenance fee was \$66,682. The combined maintenance fee for this year (FY23/24) will be \$77,418. This price increase reflects additional licenses required to meet the city's growth needs.

Previous Council Action: Onix Network Group - Google Workspace on 10/3/2023

Financial Implications: Item is budgeted: 101-640-55570 In the amount of: \$77,418

Approvals:

Bill Wavra

Steve Ritter

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.h.

Agenda Item: Consider approval of annual maintenance with Lodestone for Antivirus Protection and Monitoring

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion: Move to approve continued annual maintenance with Lodestone for antivirus protection and monitoring in the amount of \$65,000.

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: The City of Huntsville IT Department utilizes Lodestone's Security Operations Center (SOC) for antivirus and network monitoring to enhance its digital security preparedness.

Lodestone's SOC, the cornerstone of its managed detection and response (MDR) services, continuously monitors the city's digital infrastructure. They operate 24/7, 365 days a year, ensuring the city's digital asset protection. Their cybersecurity team analyzes events and identifies potential threats, enabling proactive intervention and the prevention of security incidents that could compromise the city's data and digital operations.

Lodestone's utilizes an antivirus solution renowned for its effectiveness in detecting and mitigating threats. The SOC monitors this antivirus system, enhancing the city's defense against malware, ransomware, and other digital threats.

Lodestone's SOC also offers advanced tools such as attack surface monitoring and endpoint detection and response (EDR), providing a comprehensive view of our digital landscape. This extended visibility is essential for proactive threat hunting and ensures swift and effective responses to potential incidents.

Lodestone's utilization of a security information and event management (SIEM) system has been instrumental in thwarting several attacks. This system efficiently collects, analyzes, and pinpoints events paramount to our city's security interests.

The combined annual maintenance fee was \$60,000 in the last fiscal year (FY23/24). The budgeted combined antivirus and Security Operations Center fee for this fiscal year (FY24/25) is \$65,000.

Previous Council Action: Lodestone - Antivirus Protection and Monitoring - 10/3/2023

Financial Implications: Item is Budgeted: 101-640-55570 In the amount of: \$65,000

Approvals:

Bill Wavra
Steve Ritter
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.i.

Agenda Item: Consider renewal of the Microsoft Enterprise software agreement.

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion:

- Move to approve the renewal of the three-year Microsoft Enterprise software agreement in the amount of \$222,897.39.

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: All city-owned software resides on or utilizes various Microsoft software systems. These include servers, databases, desktop computers, laptops, office suites, and remote access services.

Primary software packages running Microsoft OS (operating system) include the New World financial system, CityWorks asset management, Tyler Public Safety records management, Laserfiche document management, GIS, etc. City staff use various Microsoft products daily for numerous tasks.

This agreement is for three years at \$74,299.13 per year and includes licensing for 89 servers, 25 databases, and 397 desktop computers/tablets. This agenda item proposes services for three years at a total cost of \$222,897.39.

Per previous Council actions, cost fluctuations over the years have been primarily due to the adjustment of license counts and software add-ons.

If approved, the Microsoft enterprise agreement will be purchased using the State of Texas Department of Information Resources (DIR) contract, a cooperative purchasing program for state and local government, education, and other public entities in Texas.

Previous Council Action: Microsoft - 2021 Enterprise Agreement - 10/19/2021

Financial Implications: Item is budgeted: 101-640-55053 In the amount of \$74,299.13 per year (for three years)

Approvals:

Bill Wavra
Steve Ritter
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.j.

Agenda Item: Consider approval of continued fiber and cable communication services with Optimum.

Initiating Department/Presenter: Information Technology

Presenter:

Bill Wavra, IT Director

Recommended Motion:

- Move to approve continued fiber and cable communication services with Optimum at an estimated cost of \$50,800.

Strategic Initiative: Strategic Priority #4: Infrastructure: Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: The City of Huntsville IT Department manages fiber and cable communication services through Optimum.

Optimum is the city's primary network service vendor, providing private internet, 3 leased fiber circuits, cable TV, and cable data. The estimated annual costs for Optimum services are \$50,800. All departments and locations utilize Optimum to perform daily job tasks, including internet usage and city network connectivity.

The City of Huntsville IT Department recommends maintaining Optimum as the City's primary data service provider due to infrastructure availability in conjunction with our service requirements.

Previous Council Action:

Financial Implications: Item is budgeted: 101-640-55034 In the amount of \$50,800.

Approvals:

Bill Wavra

Steve Ritter

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.k.

Agenda Item: Consider the purchase of FY 2025 vehicles, from multiple vendors, authorizing the City Manager to award the contract.

Initiating Department/Presenter: Public Works

Presenter:

Brent Sherrod, Public Works Director

Recommended Motion: Move to authorize the City Manager to purchase FY 2025 vehicles and equipment from multiple vendors, in the total amount of \$3,049,345.92 to include all fees and authorize the City Manager to award the contract.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: Each year, the City's vehicle fleet is assessed by the Fleet Manager for normal maintenance and overall condition. Each fleet asset is assigned an expected life condition, with police vehicles rated on a 6-7-year life expectancy and general City fleet rated on 12-year life expectancy. These assessments formulate the Fleet Replacement Schedule for each subject budget year and has yielded nineteen (19) replacement vehicles and equipment and five (5) Decision Packages for FY 2025. The vehicles and equipment requirements for FY 2025 are denoted on the attached Vehicle Purchase Summary spreadsheet, and include:

- One (1) Western Star with Warren 8YD Dump Truck for Streets, (Lonestar Truck Group)
- One (1) Chevrolet 2500 Double Cab LWB for Parks (Lake Country Chevrolet)
- Three (3) Chevrolet Equinox for HPD CID (Lake Country Chevrolet)
- Four (4) Ford Explorer Police Package SUVs for HPD Patrol (Silsbee Ford).
- One (1) Harley-Davidson Road King for HPD Patrol (Longhorn & Maverick Harley-Davidson)
- Four (4) Chevrolet Silverado 1500 Double Cab (1) for Engineering (1) for Environmental Services, (1) for Utility Line Locator(DP) and (1) for Water Plant Tech(DP) (Lake Country Chevrolet)
- One (1) Chevrolet 2500 Express (Electrician Van) for Wastewater (Lake Country Chevrolet)
- One (1) Chevrolet Silverado 2500 Reg Cab LWB 4X4 for Wastewater (Lake Country Chevrolet)
- One (1) Elgin Street Sweeper for Streets (Kinlock Equipment)
- One (1) Autocar/Heil Automated/Front Load for Solid Waste (Chastang Auto Car)
- Two (2) Autocar/Heil Automated/Side Load for Solid Waste (Chastang Auto Car)
- One (1) Western Star Rear Load Trash Truck for Solid Waste (Lonestar Truck Group)
- One (1) Kubota RTVX2-SKH24 for Parks (Kubota Tractor Corporation)
- One (1) Caterpillar 6000Lbs Fork-Lift for Solid Waste (Darr Equipment).

-
- One (1) Victor Ramjet Jetter Trailer for Wastewater (Kinlock Equipment).

Fleet and Purchasing staff have obtained vehicle pricing worksheets from three (3) regional cooperative contract award holders to assure competitive and advantageous pricing for the City's vehicle requirements.

The Texas Association of School Boards (TASB) Buy board program has historically afforded Texas municipalities a sound purchasing position given the competitive vehicle pricing available under the program. This cooperative contract meets all requirements of Texas Local Government Code 252 pursuant to competitive bidding by Texas municipalities.

Fleet and Purchasing staff have evaluated the vehicle pricing worksheets received to determine the best value to the City when considering price, critical options/equipment availability, cost, and warranty coverage/term.

Previous Council Action: None

Financial Implications: Item is budgeted in 306-379-69040 in the amount of \$2,897,051.92 (includes fees) and account 306-379-69020 in the amount of \$152,294.00 (includes fees).

Approvals:

Brent Sherrod
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. 2025 Vehicle and Equipment Purchase Report

2025 Vehicle Purchase			Lake Country	Silsbee	Lonestar Truck	Kinlock	Chatang	Longhorn		
		Budget	Chevrolet	Fleet Group Ford	Group	Equipment	Auto Car	Harley Davidson	(Over)/Under	Total
			Cost	Cost	Cost	Cost	Cost	Cost	Budget	
101-323-028	Western Star With Warren 8yd Dump Truck	\$ 170,000.00	\$ -	\$ -	\$ 137,686.00	\$ -	\$ -	\$ -	\$ 32,314.00	\$ 137,686.00
101-422-1230	Chevrolet Silverado 2500 Double Cab LWB	\$ 49,000.00	\$ 50,185.25	\$ 52,905.00	\$ -	\$ -	\$ -	\$ -	\$ (1,185.25)	\$ 50,185.25
101-551-1518	Chevrolet Equinox	\$ 28,800.00	\$ 30,653.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,853.00)	\$ 30,653.00
101-551-1519	Chevrolet Equinox	\$ 28,800.00	\$ 30,653.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,853.00)	\$ 30,653.00
101-551-1520	Chevrolet Equinox	\$ 28,800.00	\$ 30,653.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,853.00)	\$ 30,653.00
101-551-1901	Ford Explorer PPV	\$ 55,000.00	\$ -	\$ 53,997.75	\$ -	\$ -	\$ -	\$ -	\$ 1,002.25	\$ 53,997.75
101-551-1902	Ford Explorer PPV	\$ 55,000.00	\$ -	\$ 53,997.75	\$ -	\$ -	\$ -	\$ -	\$ 1,002.25	\$ 53,997.75
101-551-1903	Ford Explorer PPV	\$ 55,000.00	\$ -	\$ 53,997.75	\$ -	\$ -	\$ -	\$ -	\$ 1,002.25	\$ 53,997.75
DP	Ford Explorer PPV	\$ 53,997.75	\$ -	\$ 53,997.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,997.75
101-551-2106	Harley Davidson Road King	\$ 25,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,600.67	\$ 899.33	\$ 24,600.67
101-717-1253	Chevrolet Silverado 1500 Double Cab	\$ 47,600.00	\$ 45,971.50	\$ 47,417.75	\$ -	\$ -	\$ -	\$ -	\$ 1,628.50	\$ 45,971.50
220-363-1339	Electrician Van	\$ 55,600.00	\$ 52,977.75	\$ 55,400.00	\$ -	\$ -	\$ -	\$ -	\$ 2,622.25	\$ 52,977.75
220-363-1354	Chevrolet Silverado 2500 Reg Cab LWB 4X4	\$ 50,000.00	\$ 50,040.25	\$ 52,708.25	\$ -	\$ -	\$ -	\$ -	\$ (40.25)	\$ 50,040.25
220-367-1343	Chevrolet Silverado 1500 Double Cab	\$ 47,600.00	\$ 45,971.50	\$ 47,417.75	\$ -	\$ -	\$ -	\$ -	\$ 1,628.50	\$ 45,971.50
220-382-1712	Elgin Street Sweeper	\$ 380,000.00	\$ -	\$ -	\$ -	\$ 393,200.00	\$ -	\$ -	\$ (13,200.00)	\$ 393,200.00
224-373-2033	Autocar/Heil Automated/Front Load	\$ 465,000.00	\$ -	\$ -	\$ -	\$ -	\$ 463,073.00	\$ -	\$ 1,927.00	\$ 463,073.00
224-375-1917	Autocar/Heil Automated/Side Load	\$ 470,000.00	\$ -	\$ -	\$ -	\$ -	\$ 467,677.00	\$ -	\$ 2,323.00	\$ 467,677.00
DP	Autocar/Heil Automated/Side Load	\$ 420,000.00	\$ -	\$ -	\$ -	\$ -	\$ 467,677.00	\$ -	\$ (47,677.00)	\$ 467,677.00
DP	Wester Star Heil Rear Load	\$ 345,776.00	\$ -	\$ -	\$ 298,099.00	\$ -	\$ -	\$ -	\$ 47,677.00	\$ 298,099.00
DP	Chevrolet Silverado 1500 Double Cab	\$ 45,972.00	\$ 45,971.50	\$ 47,417.75	\$ -	\$ -	\$ -	\$ -	\$ 0.50	\$ 45,971.50
DP	Chevrolet Silverado 1500 Double Cab	\$ 45,972.00	\$ 45,971.50	\$ 47,417.75	\$ -	\$ -	\$ -	\$ -	\$ 0.50	\$ 45,971.50
	Vehicle Budget	\$ 2,923,417.75	\$ 429,048.25	\$ 215,991.00	\$ 435,785.00	\$ 393,200.00	\$ 1,398,427.00	\$ 24,600.67	\$ 26,365.83	\$ 2,897,051.92
2025 Equipment Purchase			Kubota Tractor	Darr	Kinlock	Deere	Over/Under	Total		
			Corp	Equipment	Equipment	Company	Budget			
			Cost	Cost	Cost					
101-422-1330	Kubota RTVX2-SKH24	\$ 17,000.00	\$ 16,400.00	\$ -	\$ -	\$ 22,169.34	\$ 600.00	\$ 16,400.00		
224-374-501	Caterpillar Fork-Lift	\$ 53,000.00	\$ -	\$ 46,970.00	\$ -	\$ -	\$ 6,030.00	\$ 46,970.00		
220-363-618	Victor Ramjet Jetter Trailer	\$ 94,000.00	\$ -	\$ -	\$ 88,924.00	\$ -	\$ 5,076.00	\$ 88,924.00		
	Equipment Budget	\$ 164,000.00	\$ 16,400.00	\$ 46,970.00	\$ 88,924.00	\$ 22,169.34	\$ 11,706.00	\$ 152,294.00		
	Budget Number									
	Preferred Vender							Co-Op Fee	Included in Bid	
	Total cost							Under Budget	\$ 38,071.83	
	Vender									
	Buy Board/HGAC FEE								Vehicle Total	\$ 2,897,051.92
	Vehicle Total								Equipment Total	\$ 152,294.00
	Equipment Total								Buy Board Fee	Included in price
	Decision Package (DP)								Budget Number	\$ 3,087,417.75
	Under Budget/Over Budget								Total Cost	\$ 3,049,345.92



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.I.

Agenda Item: Consider adopting Resolution 2024-18 designating The Huntsville Item as the official newspaper for the City of Huntsville for the Fiscal Year 2024-2025.

Initiating Department/Presenter: City Secretary

Presenter:

Kristy Doll, City Secretary

Recommended Motion: Move to adopt Resolution 2024-18 designating The Huntsville Item as the official newspaper for the City of Huntsville for the Fiscal Year 2024-2025, commencing October 1, 2024, budgeted in various funds.

Strategic Initiative: Strategic Priority #5, Engagement - Build strong relationships within our organization and community with a focus on our culture of core values as expressed in Service, Trust, Accountability and Respect. Provide a welcoming and collaborative environment that fosters mutual partnership between city government, community organizations and our residents.

Discussion: The City Charter Section 4.13 requires Ordinances to be published in the official newspaper and Texas Government Code Section 2051.044 outlines the criteria of an official newspaper. In order to qualify to be the official newspaper, the newspaper must:

1. Devote not less than 25 percent of its total column lineage to general interest items;
2. Be published at least once per week;
3. Be entered as a second-class postal matter in the county where published; and
4. Have been published regularly and continuously for at least 12 months before the governmental entity or representative publishes notice.

Bids were solicited for the City of Huntsville Official New Newspaper (Bid No. 24-43)

Terms of Contract

This contract shall be effective for a period of one year, from the Date of Award through September 30, 2025. Upon mutual agreement of the parties and contingent upon City Council approval, the contract may be extended for a period of two (2) additional one (1) year terms - from October 1, 2025, through September 30, 2026, and October 1, 2026, through September 30, 2027. A renewal contract should be signed by the City prior to the expiration of the initial term and any subsequent term.

Only one bid was received for this solicitation, and it was from The Huntsville Item. The bid tabulation is attached.

Previous Council Action:

Financial Implications: Items are budgeted for in various funds.

Approvals:

Leonard Schneider

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:

1. Resolution No. 2024-18- official newspaper item
2. IFB NO. 24-43 City of Huntsville Official Newspaper Bid Tabulation & Bid

RESOLUTION NO. 2024-18

A RESOLUTION OF THE CITY OF HUNTSVILLE, TEXAS DESIGNATING AN OFFICIAL NEWSPAPER FOR THE CITY OF HUNTSVILLE FOR PERIOD COMMENCING OCTOBER 1, 2024 AND CONTINUING THROUGH SEPTEMBER 30, 2025.

WHEREAS, the City Council finds that *The Huntsville Item* is a paper of general circulation within the City of Huntsville; and

WHEREAS, the City Council finds that *The Huntsville Item*:

- (1) devotes not less than 25% of its total column lineage to general interest items;
- (2) is published at least once each week;
- (3) is entered as 2nd class postal matter in the county where published; and
- (4) has been published regularly and continuously for at least 12 months before the governmental entity or representative publishes notice; and

WHEREAS, the City Council finds that *The Huntsville Item* is a publication that meets all of the criteria legally required of an officially designated newspaper for the City of Huntsville.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS:

That:

- (1) *The Huntsville Item* is designated as the official newspaper for the City of Huntsville for the period commencing October 1, 2024 and continuing through September 30, 2025.
- (2) The Mayor is authorized and directed to execute a contract with *The Huntsville Item* establishing the applicable rates for publication of City notices.
- (3) Until September 30, 2025, the City of Huntsville shall continue to publish in the *Huntsville Item* each ordinance, notice or other matter required to be published by law.
- (4) This resolution is effective immediately upon passage.

PASSED, ADOPTED, AND APPROVED this 1st day of October 2024.

THE CITY OF HUNTSVILLE

Russell Humphrey, Mayor

ATTEST:

APPROVED AS TO FORM:

Kristy Doll, City Secretary

Leonard Schneider, City Attorney

Bid Tabulation
Project Name: Bid NO. 24-43 City of Huntsville Official Newspaper
Location: 1210 11th Street, Huntsville, TX 77340
Date: September 19, 2024 Time: 2:00 PM



		The Huntsville Item		
	Weekday Publication Pricing	Price Per Coumn Inch	Total Cost	
	Legal Notices to Run One Weekday Only, Price Per Column Inch	\$12.75		
2	Exhibit A (Bid Notice) One Weekday Only	\$12.75	\$302.56	
3	Exhibit B (Planning Public Hearing Notice) One Weekday Only	\$12.75	\$141.14	
4	Exhibit C (Ordinance 1) One Weekday Only	\$12.75	\$68.09	
5	Exhibit D (Public Hearing) One Weekday Only	\$12.75	1606.50 x 2	
6	Exhibit E (Notice of General Election) One Weekday Only	\$12.75	\$413.87	

		The Huntsville Item		
	Saturday Publication Pricing	Price Per Coumn Inch	Total Cost	
1	Legal Notices To Run SATURDAY Only Price Per Column Inch	\$12.75		
2	Exhibit A (Bid Notice) SATURDAY only	\$12.75	\$302.56	
3	Exhibit B (Planning Public Hearing Notice) SATURDAY only	\$12.75	\$141.14	
4	Exhibit C (Ordinance 1) SATURDAY only	\$12.75	\$68.09	
5	Exhibit D (Public Hearing) SATURDAY only	\$12.75	1606.50 x 2	
6	Exhibit E (Notice of General Election) SATURDAY only	\$12.75	\$413.87	

Bid Tabulation
Project Name: Bid NO. 24-43 City of Huntsville Official Newspaper
Location: 1210 11th Street, Huntsville, TX 77340
Date: September 19, 2024 Time: 2:00 PM



		The Huntsville Item		
	Sunday Publication Pricing	No Sunday Edition		
1	Legal Notices To Run SUNDAY Only Price Per Column Inch	N/A	N/A	
2	Exhibit A (Bid Notice) SUNDAY Only	N/A	N/A	
3	Exhibit B (Planning Public Hearing Notice) SUNDAY Only	N/A	N/A	
4	Exhibit C (Ordinance 1) SUNDAY Only	N/A	N/A	
5	Exhibit D (Public Hearing) SUNDAY Only	N/A	N/A	
6	Exhibit E (Notice of General Election) SUNDAY Only	N/A	N/A	



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 1.m.

Agenda Item: Consider Resolution 2024-19 authorizing the City Manager to apply for and accept, if awarded, funding under the U.S. Department of Justice – BJA FY 24 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation and enter into an Interlocal Agreement with Walker County.

Initiating Department/Presenter: Finance

Presenter:

Ashley Brown, Grants Manager

Recommended Motion: Move to adopt Resolution 2024-19 authorizing the City Manager to apply for and accept, if awarded, funding under the U.S. Department of Justice – BJA FY 24 Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Local Solicitation in the amount of \$14,043.00 and enter into an Interlocal Agreement with Walker County.

Strategic Initiative: Strategic Priority #1 - Public Safety - Create a community where all individuals feel safe and protected, where citizens trust the effectiveness of our agencies through community engagement, technologies, and best practices. We strive to promote a culture of service, prevention and partnership.

Discussion: The JAG Program has been available to law enforcement agencies for a number of years. Both, the City of Huntsville and Walker County have received and benefited from the JAG Program awards for several years with different annual allocation amounts.

For the FY2024 program year, the City of Huntsville was directly allocated \$14,043. Under the U.S. Department of Justice (DOJ), Walker County was identified as a disparate jurisdiction and do not qualify for a direct award from BJA. JAG legislation requires that disparate jurisdictions identified in a geographical grouping to remain partners with the local jurisdictions receiving funds and to be a signatory on a required Memorandum of Understanding or Interlocal Agreement.

On September 23, 2024, the Walker County Commissioner's Court approved entering into an Interlocal Agreement with the City of Huntsville for a portion of the 2024 JAG Program funds. The allocated funds will be used jointly by the City of Huntsville and Walker County for the purchase of equipment for use by law enforcement, with the allocated amount to be divided equally between the entities. There are no matching funds required for this grant.

The Huntsville Police Department plans to use their portion of the funds to purchase Lifevac choking rescue and resuscitation kits and computer monitors for investigators. Walker County has expressed plans to use their portion of the funds to purchase "Cellebrite Certified Mobile Examiners", an online training, and portable printers for the Sheriff's Department.

Previous Council Action: No previous action has been taken.

Financial Implications: If the grant is awarded, Staff will bring a Budget Amendment to Council for approval at the appropriate time.

Approvals:

Steve Ritter
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. Resolution #2024-19 - FY24 JAG
2. JAG 2024-2025 ILA

RESOLUTION NO. 2024-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, AUTHORIZING THE SUBMISSION OF THE APPLICATION FOR THE FY 2024 EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM TO THE U. S. DEPARTMENT OF JUSTICE FOR EQUIPMENT; AND AUTHORIZING THE CITY MANAGER TO ACT AS THE CITY'S EXECUTIVE OFFICER AND AUTHORIZED REPRESENTATIVE IN ALL MATTERS PERTAINING TO THE CITY'S PARTICIPATION IN THE FY 2024 JAG PROGRAM.

WHEREAS the City desires to ensure the safety of all its citizens and the City of Huntsville requires the Huntsville Police Department to be charged with this task; and

WHEREAS it is necessary and in the best interest of the City to apply for funding under the FY 2024 Edward Byrne Memorial Justice Assistance Grant (JAG) Program.

NOW, THEREFORE, be it resolved by the City Council of the City of Huntsville, Texas, that:

SECTION 1: A FY 2024 Edward Byrne Memorial Justice Assistance Grant (JAG) application is hereby authorized to be filed on behalf of the City and be placed in competition for funding to the U.S. Department of Justice.

SECTION 2: The application will be for \$14,043.00 to furnish equipment for the Huntsville Police Department and share half (\$7,021.50) with the Walker County Sheriff's Office.

SECTION 3: The funds will be redistributed with the City receiving \$7,021.50 and Walker County receiving \$7,021.50.

SECTION 4: The Mayor and City Council strongly support this application to address the safety needs of the community.

SECTION 5: The City Council directs and designates the City Manager as the City's Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and the City's participation in the FY 2024 Edward Byrne Memorial Justice Assistance Grant (JAG) Program.

PASSED AND APPROVED this 1st day of October, 2024.

THE CITY OF HUNTSVILLE

Russell Humphrey, Mayor

ATTEST:

APPROVED AS TO FORM:

Kristy Doll, City Secretary

Leonard Schneider, City Attorney

THE STATE OF TEXAS

KNOW ALL BY THESE PRESENTS

COUNTY OF WALKER

**INTERLOCAL AGREEMENT
BETWEEN WALKER COUNTY AND THE CITY OF HUNTSVILLE**

2024 JUSTICE ASSISTANCE GRANT (JAG) PROGRAM AWARD

This Agreement is made and entered into this ____ day of _____, 2024, by and between WALKER COUNTY, TEXAS, acting by and through its governing body, the Commissioners Court, hereinafter referred to as COUNTY, and the CITY of HUNTSVILLE, TEXAS, acting by and through its governing body, the City Council, hereinafter referred to as CITY:

WHEREAS, this Agreement is made under the authority of Chapter 791, Texas Interlocal Cooperation Act (Texas Government Code): and

WHEREAS, each governing body, in performing governmental functions or in paying for the performance of governmental functions hereunder, shall make that performance or those payments from current revenues legally available to that party: and

WHEREAS, each governing body finds that the performance of this Agreement is in the best interests of both parties, that the undertaking will benefit the public, and that the division of costs fairly compensates the performing party for the services or functions under this agreement: and

WHEREAS, the Edward Byrne Memorial Justice Assistance Grant (JAG) Formula Program has, in a disparate allocation, awarded \$14,043 to the City and the County: and

WHEREAS, the CITY and COUNTY believe it to be in their best interests to reallocate the JAG funds.

NOW THEREFORE, the COUNTY and CITY agree as follows:

Section 1.

CITY agrees to act as applicant / fiscal agent of the grant and pay COUNTY a total of \$7,021.50 of JAG funds.

Section 2.

COUNTY agrees to use \$7,021.50 for the 2024 JAG Program until September 30, 2025.

Section 3.

Nothing in the performance of this Agreement shall impose any liability for claims against COUNTY other than claims for which liability may be imposed by the TEXAS Tort Claims Act.

Section 4.

Nothing in the performance of this Agreement shall impose any liability for claims against CITY other than claims for which liability may be imposed by the TEXAS Tort Claims Act.

Section 5.

Each party to this agreement will be responsible for its own actions in providing services under this agreement and shall not be liable for any civil liability that may arise from the furnishing of the services by the other party.

Section 6.

The parties to this Agreement do not intend for any third party to obtain a right by virtue of this Agreement.

Section 7.

By entering into this Agreement, the parties do not intend to create any obligations express or implied other than those set out herein; further, this Agreement shall not create any rights in any party not a signatory hereto.

CITY OF HUNTSVILLE

COUNTY OF WALKER

Aron Kulhavy, City Manager

Colt Christian, County Judge

ATTEST:

APPROVED AS TO FORM:

Kristy Doll, City Secretary

Will Durham, District Attorney

APPROVED AS TO FORM:

Leonard Schneider, City Attorney

*By law, the District Attorney's Office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contracts or legal document on behalf of other parties. Our view of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval and should seek review and approval by their own respective attorney(s).



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 2.a.

Agenda Item: First Reading - Consider authorizing the City Manager to enter into a contract for furniture for the new City Hall Project.

Initiating Department/Presenter: Engineering

Presenter:

Kathlie Jeng-Bulloch, City Engineer

Recommended Motion: This is the first reading; however, if the Council wishes to waive the two-reading requirement, an appropriate motion would be: Move to authorize the City Manager to enter into a contract with HBI Office Solutions, Inc. for the supply and installation of furniture at the new City Hall in the amount of \$957,117.22.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:

The new City Hall under construction will require substantial furnishings upon completion, which is currently anticipated during the first quarter of 2025. Pursuant to the budget approved for the required furnishings, Finance, Planning, Human Resources, City Secretary, IT, Economic Development, the City Manager's Office, and Engineering Department staff coordinated with the architect (Randall Scott Architects) to verify the furniture list (see attached) provided by HBI Office Solutions, Inc.

HBI Office Solutions has a contract with Texas Smart Buy, which is a cooperative and under contract detail number #TXMAS-19-7111, which they do not need to go out for bid.

HBI Office Solutions presented furniture and brought samples (including actual furniture) to the City Hall to staff who are going to office in the new City Hall. The attached Quote dated 9/11/2024, allowed the staff from the departments' list above to visit the warehouse verifying the furniture listed on the Quote.

The total contract with HBI Office Solutions, Inc., for the supply and installation of furniture at the new City Hall is \$957,117.22. This includes the installation and a contingency of \$172,000.00.

Previous Council Action: N/A

Financial Implications: Item is budgeted: In the amount of \$957,117.22

Approvals:

Kathlie Jeng-Bulloch

Leonard Schneider

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:

1. Page 63 64



HBI Office Solutions, Inc.

308 Hwy 75 North, Suite B
Huntsville, Texas 77320
Phone (936) 295-4592
Fax (936) 295-5264
www.hbi-inc.com
www.facebook.com/HBI.Huntsville

Quotation

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(cont'd)

Quote	Quote Date	Customer Order	Customer	Account Representative	Project
27607	09/23/24		CITYHU	Jim Hodges	

Line	Quantity	Catalog Number / Description	Unit Price	Extended Amount
112	43	CW1469 WEBSTAUAI Simple Human Open Top Stainless Steel Trash Can 21 Gallon/81 Liter	265.32 0.00 0.00%	11,408.76
	Tag For	MISC-02		
113	101	FG295500BLA WEBSTAUAI RUBBERMAID® Office Trash Can - 13 Quart/3 Gallon, Black	9.67 0.00 0.00%	976.67
	Tag For	MISC-04		
114	23	FG295573BLU WEBSTAUAI RUBBERMAID® Office Recycling Wastebasket - 12 Quart/3 Gallon, Blue	9.80 0.00 0.00%	225.40
	Tag For	MISC-05		
115	1	FREIGHT WEBSTAUAI Shipping to 77320	151.99 0.00 0.00%	151.99
BEG	Subsection	MISC-06		
116	30	H-8665 ULINE Simple Human® Stainless Steel Office Trash Can- 25 Liter/7 Gallon	106.67 0.00 0.00%	3,200.10
	Tag For	MISC-03		
		Subsection Sub Total		3,200.10
		Texas Non-Taxable		0.00
		Subsection Total		3,200.10
END	Subsection			
117	4	WASTE RECEPTACLE LANDSCAPE Lakeside Litter Style: Side Opening Material: Plain Design Powder Coat: Silver Metallic	1,305.76 1,485.51 12.10%	5,223.04
	Tag For	MISC-06		
118	1	FREIGHT LANDSCAPE	1,277.78	1,277.78

Accepted by _____ Title _____ Date _____

**HBI Office Solutions, Inc.**

308 Hwy 75 North, Suite B
Huntsville, Texas 77320
Phone (936) 295-4592
Fax (936) 295-5264
www.hbi-inc.com
www.facebook.com/HBI.Huntsville

Quotation

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(cont'd)

Quote	Quote Date	Customer Order	Customer	Account Representative	Project
27607	09/23/24		CITYHU	Jim Hodges	

Line	Quantity	Catalog Number / Description	Unit Price	Extended Amount
		Shipping to 77320	0.00 0.00%	
119	109	VLT-2P1A1C-DC-10 COLLABORAT VOLT DESK TOP CLAMP ON POWER UNIT 2 POWER 1 USB-A 1 USB-C 10' POWER CORD SILVER Tag For MISC-09	117.33 235.00 50.07%	12,788.97
120	24	DRAWER HBIOFCSOL CENTER PENCIL DRAWER TO MOUNT UNDER THE DESK	69.16 0.00 0.00%	1,659.84
121	1	CONTINGENCY HBIOFCSOL CONTINGENCY	86,000.00 0.00 0.00%	86,000.00
122	1	INSTALLATION HBIOFCSOL LABOR TO RECEIVE, INSPECT, DELIVER, INSTALL, SET IN PLACE, MAKE READY FOR USE, REMOVE ALL TRASH AND PACKING MATERIALS FROM CUSTOMER PREMISES DURING NORMAL BUSINESS HOURS	86,000.00 0.00 0.00%	86,000.00

QUOTATION TOTALS

Sub Total	953,816.33
Texas Non-Taxable	0.00
Grand Total	953,816.33

End of Quotation

Accepted by _____ Title _____ Date _____



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 2.b.

Agenda Item: First Reading - Consider authorizing the City Manager to award the construction contract for Capital Improvements Program (CIP) FY 22 Waterline Replacement Projects.

Initiating Department/Presenter: Engineering

Presenter:

Kathlie Jeng-Bulloch, City Engineer

Recommended Motion: This is the first reading; however, if the Council wishes to waive the two-reading requirement, an appropriate motion would be move to authorize the City Manager to enter into a construction contract with 5-T Utilities, Inc. for an amount of \$4,118,579.45 for the construction of the FY 22 Waterline Replacement Projects.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion:

The City has been replacing existing undersized and deteriorated waterlines each year to the extent that funding is made available for this purpose. Replacing and/or upsizing will help reduce waterline breaks and associated maintenance costs, improve water circulation and pressure to serve domestic needs and install needed fire hydrants in the water distribution system to provide for fire protection.

This agenda item is pertaining to the City Council approved CIP FY21-22 Miscellaneous Waterline Replacement Project ID # 22-10-23:

1. Replace approximately 1,190' of 6" water line along Elm Ave. from State Highway (SH) 30 to Louis Davis Drive.
2. Replace approximately 2,285' of 8" water line with 12", and rehab 2,865' of 8" water line along Ave. I from 17th to Sam Houston Ave / 17th St. from Ave I to Bobby Marks Dr.
3. Replace approximately 2,210' of 12" with 16" water line, 375' of 8" with 12" water line, and 160' of 6" with 8" water line along Sam Houston Ave. from Ave. I to Old Houston Rd.
4. Replace approximately 3,425' of 2" with 8", 6", and 4" water line along Fish Hatchery Road from West of Tanyard Branch to East of Paul Bruno Rd.
5. Replace approximately 6,185' of 6" with 8" water line and adding 1,250' of 6" water line in the Trinity Cutoff Area.

Two Construction Companies (5-T Utilities, Inc. and R Construction Civil, LLC) submitted Bids. The total amounts bid includes the Base Bid, Supplementary Bid, and Alternate Bid "A" Bid Items. See

results below:

Contractor	Contract Amount
5 – T Utilities, Inc.	\$4,118,579.45
R Construction Civil, LLC	\$7,328,280.00

The low bidder is 5-T Utilities, Inc. for a total amount of \$4,118,579.45. Based on the documents received and the recommendation from the Engineer of Record, 5 – T Utilities, Inc. is recommended to be awarded for the ID #22-10-23 with the Bid price of \$4,118,579.45.

A 10% of construction contingency (\$411,858) will be added to the project account for the budget purpose due to the some underground unknowns of this project. The total amount of this account will be \$4,530,437.00.

Previous Council Action: The City Council approved engineer design agreement for developing waterline replacement design and to construct these projects in the 4/26/22 meeting.

Financial Implications: Item is budgeted: In the amount of \$4,530,437.00

Approvals:

Kathlie Jeng-Bulloch
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. E243-0010 Recommendation of Award - REV1
2. Bid LJA 5 T
3. Ave I_17th St_Sam Houston_Bobby K Marks WL
4. Fish Hatchery
5. LJA WL Elm St
6. LJA WL Trinity Cutoff

September 9, 2024

Dr. Kathlie S. Jeng-Bulloch, P.E., D.WRE, CFM
City of Huntsville
1212 Avenue M
Huntsville, Texas 77340

RE: Bid Tabulation and Recommendation of Award for Construction of
FY 22-23 Miscellaneous Waterline Replacement
LJA Project No. E243-0010

Dr. Jeng-Bulloch,

Bids for construction of the reference project were received on August 27, 2024, at 2:00 P.M. at the City Hall located at 1220 11th Street, Huntsville, Texas 77340, and subsequently read in public. Two (2) contracting firms submitted bids for the project. Two errors were found but did not change the final results.

The bidders from low to high and the correct total amounts bid for the Base Bid, Supplementary Bid, and Alternate Bid "A" Bid Items are as follows:

<u>Contractor</u>	<u>Location</u>	<u>Contract Amount</u>
5-T Utilities, Inc.	Huntsville, TX	\$4,118,579.45
R Construction Civil, LLC	Buffalo, TX	\$7,328,280.00

A copy of the Bid Tabulation is attached.

The bidding documents of the bidders were examined and found to be in order.

Our investigation of 5-T Utilities, Inc. included a review of their references of previous projects and past work experience. The bid packets submitted by the low bidder, 5-T Utilities, Inc., indicated their financial records were on file with the city, but not included in the packet, and as such we were unable to review that information. Based on our investigation, we recommend awarding the contract, including the Base Bid, Supplementary Bid, and Alternate "A" Bid Items, to the low bidder, 5-T Utilities, Inc., in the amount of \$4,118,579.45.

The Base Bid Items totaled \$3,584,579.09 and includes the replacement of approximately 17,080 linear feet of waterlines, ranging in size from 4-inch to 16-inch, and the associated fittings, valves, fire hydrants, service connections, and multiple connections to the existing system.

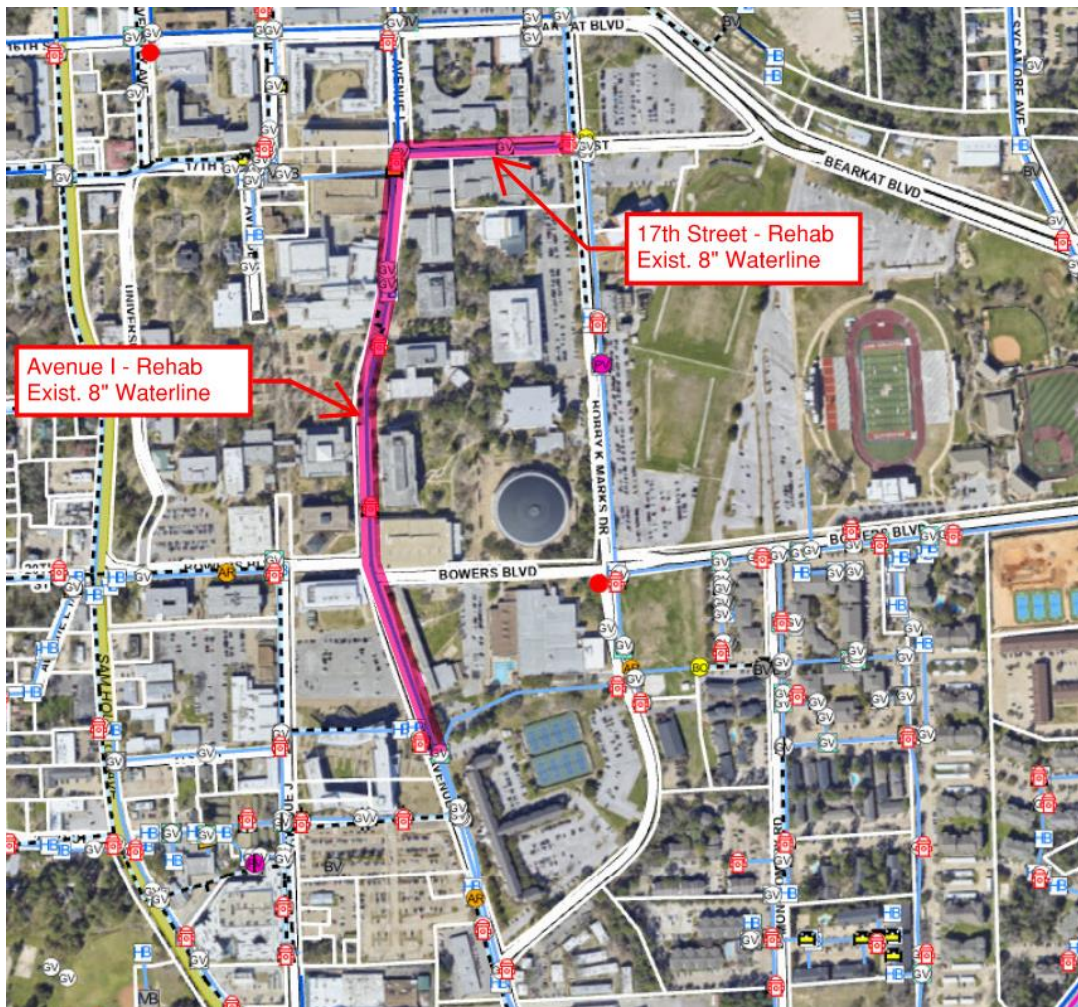
The Supplementary Bid Items totaled \$145,506.90 and includes miscellaneous construction items that may be required due to unforeseen circumstances in the field. These items may or may not be needed during construction, however it is good practice to establish bid pricing in the event they are required.

Alternate "A" Bid Items totaled \$388,493.46 and includes the rehabilitation of approximately 2,865 linear feet of 8-inch waterline through pipe burst method, and the associated fittings, valves, fire hydrants, service connections, and multiple connections to the existing system.

Alternate "B" Bid Items totaled \$575,032.63 and includes the rehabilitation of approximately 2,865 linear feet of 8-inch waterline through epoxy lining method, and the associated fittings, valves, fire hydrants, service connections, and multiple connections to the existing system.

Alternates "A" and "B" were set up to allow the comparison of pricing between the two methods of rehabilitation on the same section of waterlines. These alternates accomplish the rehabilitation of the existing 8" waterlines within the Avenue I area, on Avenue I from 17th Street to approximately 750 linear feet north of Bobby K. Marks Drive, and on 17th Street from Avenue I to Bobby K. Marks Drive. Based on the difference in amounts bid by the low bidder for each alternate, the recommendation includes Alternate "A" for rehabilitation through the pipe burst method.

The figure below shows the area of lines to be rehabilitated included in Alternate "A" and therefore not included in the Base Bid.



The table below shows the service areas split by City of Huntsville Project ID No., the scope of line replacement within each service area, and the approximate allocation of costs for each service area per the awarded contract amount.

COH Project ID	Service Area	Existing Line Sizes	Proposed Line Sizes	Length of Replacement	Approximate Allocation of Cost Per Bid
22-10-23.1	Elm Ave from SH30 to Louis Davis Dr	6"	6"	1,190 LF	\$129,600.00
22-10-23.2	Ave I Area – Ave I from 17 th to Sam Houston Ave / 17 th St from Ave I to Bobby Marks Dr	8"	12"	2,285 LF	\$621,925.99
		8"	8" Rehab	ALT A 2865 LF	\$388,493.46
22-10-23.3	Sam Houston Ave from Ave I to Old Houston Rd	12"	16"	2,210 LF	\$1,068,350.00
		8"	12"	375 LF	
		6"	8"	80 LF	
			6"	80 LF	
22-10-23.4	Fish Hatchery Road from West of Tanyard Branch to East of Paul Bruno Rd	2"	8"	1,135 LF	\$484,205.00
			6"	1,750 LF	
			4"	540 LF	
22-10-23.5	Trinity Cutoff Area – Trinity Cutoff Rd from SH 19 Frontage to El Rd / El Rd from Trinity Cutoff Rd to Goodrich Dr / Goodrich Dr from El Rd to US 190 / Jessica St from Trinity Cutoff Rd to End / Patrick St from Trinity Cutoff Rd to Haywood St / Sprott St from Trinity Cutoff Rd to Haywood St / Adams St from Trinity Cutoff Rd to SH 19	6"	8"	6,185 LF	\$1,426,005.00
			6"	1,250 LF	
		Totals	4" thru 16"	19,945 LF	\$4,118,579.45

If you have any questions or need additional information, please contact me at 713-657-6013.

Sincerely,

Jimmy Flowers, P.E.
Vice President

Attachment

cc: Carrie A. Wells, Sr. Project Analyst, City of Huntsville
Eugene Gibson, Jr., Program Manager, City of Huntsville
Les Dodson, LJA
Construction File 16.6

Bid Tabulation For: Construction of FY 22-23 Miscellaneous Waterline Replacement
To Serve City of Huntsville

Bid Opening Date: August 27, 2024
Bid Opening Location: Office of City Secretary / City Hall
1220 11th Street
Huntsville, Texas 77340

Tabulation By: Tammy Endres
Tabulation Date: August 28, 2024
LJA Project No. E243-0010
City Project No. 22-10-23

Bidder's Name:	Total Bid Amount for Base Bid and Supplementary Bid Items:	Total Bid Amount for Base Bid, Supplementary Bid & Alternate Bid "A" Bid Items:	Total Bid Amount for Base Bid, Supplementary Bid & Alternate Bid "B" Bid Items:
1) 5-T Utilities, Inc.	* \$3,730,085.99	\$4,118,579.45	\$4,305,118.62
2) R Construction Civil, LLC	* \$5,998,480.00	\$7,328,280.00	\$6,678,735.00

Calendar Days - 210



 I, Jimmy Flowers, P.E., hereby certify these bid tabulations to be true and correct.

*Mathematical Error

Bid Tabulation - Bid Opening, August 27, 2024 City of Huntsville FY 2223 Miscellaneous Waterline Replacement LJA Project No. E243-0010 City Project No. 22-10-23 FRN F-1386				5-T Utilities, Inc. P.O. Box 1318 Huntsville, TX 77342 936-439-4840 Rodney Twardeski rtrt@5-tutilities.com		R Construction Civil, LLC P.O. Box 189 Buffalo, TX 75831 713-334-5757 Bryant Clickner contracts@rconstructioninc.com	
ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
	BASE BID ITEMS						
1	16-Inch Waterline (PVC, AWWA C-909, DR-18) with Ductile Iron Fittings, Open Cut, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) and Offsets as Shown on Plans, All Depths	500	LF	\$275.00	\$137,500.00	\$250.00	\$125,000.00
2	16-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	1,500	LF	\$160.00	\$240,000.00	\$290.00	\$435,000.00
3	16-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Encased with 24-Inch Steel Casing (Min. 0.3125-Inch Thick), Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	210	LF	\$405.00	\$85,050.00	\$700.00	\$147,000.00
4	12-Inch Waterline (PVC, AWWA C-909, DR-18) with Ductile Iron Fittings, Open Cut, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) and Offsets as Shown on Plans, All Depths	500	LF	\$180.00	\$90,000.00	\$180.00	\$90,000.00
5	12-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	2,000	LF	\$125.00	\$250,000.00	\$250.00	\$500,000.00
6	12-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Encased with 20-Inch Steel Casing (Min. 0.3125-Inch Thick), Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	160	LF	\$270.00	\$43,200.00	\$550.00	\$88,000.00
7	8-Inch Waterline (PVC, AWWA C-909, DR-18) with Ductile Iron Fittings, Open Cut, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) and Offsets as Shown on Plans, All Depths COMPLETE IN PLACE	2,650	LF	\$110.00	\$291,500.00	\$100.00	\$265,000.00
8	8-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	4,250	LF	\$95.00	\$403,750.00	\$180.00	\$765,000.00
9	8-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Encased with 14-Inch Steel Casing (Min. 0.3125-Inch Thick), Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	400	LF	\$141.71	\$56,684.00	\$430.00	\$172,000.00
10	8-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Encased with 14-Inch PVC Casing (AWWA C-909, DR-18), Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	100	LF	\$142.00	\$14,200.00	\$590.00	\$59,000.00
11	6-Inch Waterline (PVC, AWWA C-909, DR-18) with Ductile Iron Fittings, Open Cut, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) and Offsets as Shown on Plans, All Depths COMPLETE IN PLACE	2,810	LF	\$53.65	\$150,756.50	\$71.00	\$199,510.00

Bid Tabulation - Bid Opening, August 27, 2024 City of Huntsville FY 2223 Miscellaneous Waterline Replacement LJA Project No. E243-0010 City Project No. 22-10-23 FRN F-1386				5-T Utilities, Inc. P.O. Box 1318 Huntsville, TX 77342 936-439-4840 Rodney Twardeski rtrt@5-tutilities.com		R Construction Civil, LLC P.O. Box 189 Buffalo, TX 75831 713-334-5757 Bryant Clickner contracts@rconstructioninc.com	
ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
12	6-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	1,390	LF	\$54.00	\$75,060.00	\$230.00	\$319,700.00
13	6-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Encased with 12-Inch Steel Casing (Min. 0.3125-Inch Thick), Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	70	LF	\$101.00	\$7,070.00	\$420.00	\$29,400.00
14	4-Inch Waterline (PVC, AWWA C-909, DR-18) with Ductile Iron Fittings, Open Cut, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) and Offsets as Shown on Plans, All Depths COMPLETE IN PLACE	500	LF	\$36.00	\$18,000.00	\$60.00	\$30,000.00
15	4-Inch Waterline (PVC, AWWA C-909, DR-18), Trenchless Construction, Joint Restraints (as necessary), Including Sections of Ductile Iron (AWWA C-151, Class 350) (as necessary) as Shown on Plans, All Depths COMPLETE IN PLACE	40	LF	\$46.81	\$1,872.40	\$275.00	\$11,000.00
16	16-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	11	EA	\$12,972.59	\$142,698.49	\$21,000.00	\$231,000.00
17	12-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	15	EA	\$3,570.85	\$53,562.75	\$6,700.00	\$100,500.00
18	8-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	20	EA	\$2,300.00	\$46,000.00	\$4,300.00	\$86,000.00
19	6-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	10	EA	\$1,650.00	\$16,500.00	\$3,500.00	\$35,000.00
20	4-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	2	EA	\$1,142.12	\$2,284.24	\$3,300.00	\$6,600.00
21	2-Inch Blow-off Valve Assembly, Accessories, COMPLETE IN PLACE	2	EA	\$2,546.99	\$5,093.98	\$6,200.00	\$12,400.00
22	16" x 16" Tapping Sleeve and Valve (Full Body - Stainless Steel) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	1	EA	\$23,962.17	\$23,962.17	\$27,000.00	\$27,000.00
23	12" x 12" Tapping Sleeve and Valve (Full Body - Stainless Steel) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	3	EA	\$6,528.24	\$19,584.72	\$12,400.00	\$37,200.00
24	12" x 8" Tapping Sleeve and Valve (Full Body - Stainless Steel) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	4	EA	\$4,300.00	\$17,200.00	\$7,400.00	\$29,600.00
25	6" x 6" Tapping Sleeve and Valve (Full Body - Stainless Steel) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	3	EA	\$3,343.95	\$10,031.85	\$7,000.00	\$21,000.00
26	16-Inch Wet Connection, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	1	EA	\$5,626.37	\$5,626.37	\$2,600.00	\$2,600.00

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ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
27	12-Inch Wet Connection, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	4	EA	\$4,574.06	\$18,296.24	\$2,200.00	\$8,800.00
28	8-Inch Wet Connection, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	8	EA	\$3,737.16	\$29,897.28	\$1,200.00	\$9,600.00
29	6-Inch Wet Connection, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	10	EA	\$3,229.12	\$32,291.20	\$1,100.00	\$11,000.00
30	4-Inch Wet Connection, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	1	EA	\$2,166.56	\$2,166.56	\$1,000.00	\$1,000.00
31	Wet Connection, Smaller than 4-Inch, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	1	EA	\$1,300.00	\$1,300.00	\$1,000.00	\$1,000.00
32	Connection of Proposed 8" Line to Rehabilitated 8" Line, Including Valve Closures for Line Isolation and Cut & Plug Of Existing Line or Removal as Necessary COMPLETE IN PLACE	2	EA	\$3,837.16	\$7,674.32	\$1,200.00	\$2,400.00
33	Fire Hydrant Assembly, With Restrained Joints, 4-Foot Bury, Concrete Collar, Thrust Block COMPLETE IN PLACE	50	EA	\$7,100.00	\$355,000.00	\$8,100.00	\$405,000.00
34	Extra Depth Bury for Fire Hydrant COMPLETE IN PLACE	100	VF	\$530.98	\$53,098.00	\$650.00	\$65,000.00
35	Remove and Salvage Existing Fire Hydrant (Open Cut & Backfill) COMPLETE IN PLACE	20	EA	\$1,200.00	\$24,000.00	\$1,700.00	\$34,000.00
36	Cut and Plug Existing Waterline Sizes per Plan (Open cut & Backfill) COMPLETE IN PLACE	15	EA	\$750.00	\$11,250.00	\$1,200.00	\$18,000.00
37	Close Existing Valve, Remove Box, Plug Valve Operator (Open cut & Backfill) COMPLETE IN PLACE	70	EA	\$500.00	\$35,000.00	\$850.00	\$59,500.00
38	Remove Existing Waterline Vault (Open Cut & Backfill) COMPLETE IN PLACE	1	EA	\$4,000.00	\$4,000.00	\$10,000.00	\$10,000.00
39	Construct New Polyethylene Tubing Single Service Connection (3/4-Inch to 1-Inch), Short Side, Including Field Location of Existing Meters, Tap, Pipe, Valves, and Connection to Meters, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	100	EA	\$982.52	\$98,252.00	\$1,600.00	\$160,000.00
40	Construct New Polyethylene Tubing Single Service Connection (3/4-Inch to 1-Inch), Long Side, Auger Beneath Road, Casing if Required, Including Field Location of Existing Meters, Tap, Pipe, Valves, and Connection to Meters, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required	65	EA	\$1,518.89	\$98,727.85	\$4,000.00	\$260,000.00
41	Construct New Polyethylene Tubing Single Service Connection (2-Inch or Larger), Short Side, Including Field Location of Existing Meters, Tap, Pipe, Valves, and Connection to Meters, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	10	EA	\$2,600.00	\$26,000.00	\$2,600.00	\$26,000.00
42	Construct New Polyethylene Tubing Single Service Connection (2-Inch or Larger), Long Side, Auger Beneath Road, Casing if Required, Including Field Location of Existing Meters, Tap, Pipe, Valves, and Connection to Meters, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required	15	EA	\$2,200.00	\$33,000.00	\$5,200.00	\$78,000.00

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ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
43	Construct Fire Service Connection (4-Inch), Auger Beneath Road, Casing if Required, Including Field Location of Existing Fire Service, Pipe, Valves, Bends, Connection to Fire Service, and Cut, Plug, & Abandon Existing Fire Line, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	4	EA	\$3,533.95	\$14,135.80	\$12,300.00	\$49,200.00
44	Construct Fire Service Connection (8-Inch), Auger Beneath Road, Casing if Required, Including Field Location of Existing Fire Service, Pipe, Valves, Bends, Connection to Fire Service, and Cut, Plug, & Abandon Existing Fire Line, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	2	EA	\$13,286.66	\$26,573.32	\$10,700.00	\$21,400.00
45	Construct New Polyethylene Tubing Single Service Reconnection (2-Inch or Larger), Relocate from Existing 8" Waterline to Existing 12" Waterline, Short Side, Including Field Location of Existing Meters, Tap, Pipe, Valves, Connection to Meters, and Cut, Plug, & Abandon Existing Service Line (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	5	EA	\$2,912.81	\$14,564.05	\$2,600.00	\$13,000.00
46	Construct New Polyethylene Tubing Single Service Reconnection (3/4-Inch to 1-Inch), Relocate from Existing 8" Waterline to Existing 12" Waterline, Long Side, Including Field Location of Existing Meters, Tap, Pipe, Valves, Connection to Meters, and Cut, Plug, & Abandon Existing Service Line (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	1	EA	\$2,400.00	\$2,400.00	\$5,400.00	\$5,400.00
47	Construct Fire Service Reconnection (4-Inch), Relocate from Existing 8" Waterline to Existing 12" Waterline, Including Field Location of Existing Fire Service, Pipe, Valves, Bends, Connection to Fire Service, and Cut, Plug, & Abandon Existing Fire Line, (Open-Cut & Backfill), Turf Establishment and Surface Restoration as Required COMPLETE IN PLACE	1	EA	\$3,800.00	\$3,800.00	\$2,500.00	\$2,500.00
48	Remove Existing Waterline, 12-Inch, All Depths, Including Cut and Plug of Existing Line as Necessary for Removal, As Directed by Owner's Representative COMPLETE IN PLACE	1,475	LF	\$48.50	\$71,537.50	\$30.00	\$44,250.00
49	Remove Existing Waterline, 8-Inch, All Depths, Including Cut and Plug of Existing Line as Necessary for Removal, As Directed by Owner's Representative COMPLETE IN PLACE	700	LF	\$41.00	\$28,700.00	\$20.00	\$14,000.00
50	Remove Existing Waterline, 6-Inch, All Depths, Including Cut and Plug of Existing Line as Necessary for Removal, As Directed by Owner's Representative COMPLETE IN PLACE	15	LF	\$38.50	\$577.50	\$20.00	\$300.00
51	Fill Abandoned Waterline, 12-Inch, with Cement Slurry, All Depths, Including Cut and Plug of Existing Line as Necessary for Slurry Filling, As Directed by Owner's Representative COMPLETE IN PLACE	2,770	LF	\$10.00	\$27,700.00	\$15.00	\$41,550.00
52	Fill Abandoned Waterline, 8-Inch, with Cement Slurry, All Depths, Including Cut and Plug of Existing Line as Necessary for Slurry Filling, As Directed by Owner's Representative COMPLETE IN PLACE	1,510	LF	\$8.00	\$12,080.00	\$12.00	\$18,120.00
53	Fill Abandoned Waterline, 6-Inch, with Cement Slurry, All Depths, Including Cut and Plug of Existing Line as Necessary for Slurry Filling, As Directed by Owner's Representative COMPLETE IN PLACE	180	LF	\$5.00	\$900.00	\$15.00	\$2,700.00

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ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
54	Trench Safety System COMPLETE IN PLACE	7,000	LF	\$2.00	\$14,000.00	\$1.00	\$7,000.00
55	Turf Establishment, Hudromulch Seeding COMPLETE IN PLACE	2	AC	\$5,000.00	\$10,000.00	\$1,500.00	\$3,000.00
56	Surface Restoration, Unpaved Surface (Gravel or Shell) COMPLETE IN PLACE	100	SY	\$25.00	\$2,500.00	\$65.00	\$6,500.00
57	Surface Restoration, Concrete Pavement and Driveways, and Base, Includes 2-Inch Depth Saw-Cut and Removal of Existing Pavement COMPLETE IN PLACE	200	SY	\$70.00	\$14,000.00	\$180.00	\$36,000.00
58	Surface Restoration, Reinforced Concrete Sidewalk, 4 1/2-Inch Thick, and Base, Includes 2-Inch Depth Saw-Cut and Removal of Existing Sidewalk	1,000	SY	\$45.00	\$45,000.00	\$120.00	\$120,000.00
59	Surface Restoration, Asphalt Pavement and Driveways, Including 8-Inch Thick Asphalt Base, Gr. 2, PG-64, Per TXDOT Item 292, and 2-Inch Thick HMHL Surface Coarse, Type "D" per TXDOT Item 340, Includes 2-Inch Depth Saw-Cut and Removal of Existing Pavement COMPLETE IN PLACE	1,000	SY	\$55.00	\$55,000.00	\$200.00	\$200,000.00
60	Curb and Gutter Replacement, Per Detail, Includes Saw-Cut and Removal of Existing Concrete COMPLETE IN PLACE	1,000	LF	\$19.57	\$19,570.00	\$30.00	\$30,000.00
61	Retaining Wall Replacement, Per Detail, Includes Saw-Cut and Removal of Existing Concrete COMPLETE IN PLACE	250	LF	\$120.00	\$30,000.00	\$210.00	\$52,500.00
62	Wheelchair Ramp Replacement, Per Detail, Includes Saw-Cut and Removal of Existing Concrete	12	EA	\$1,200.00	\$14,400.00	\$4,900.00	\$58,800.00
63	Remove and Replace Existing Sign COMPLETE IN PLACE	10	EA	\$500.00	\$5,000.00	\$1,400.00	\$14,000.00
64	Traffic Control, as Necessary, Includes Acquiring Permits, Installation, Maintenance, & Removal of All Traffic Control Devices Required by Permit and as Shown on Project Plans COMPLETE IN PLACE	1	LS	\$80,000.00	\$80,000.00	\$120,000.00	\$120,000.00
65	SWPPP, Installed, Maintained, and Removed, In Accordance with Best Management Practices COMPLETE IN PLACE	1	LS	\$55,000.00	\$55,000.00	\$40,000.00	\$40,000.00
	SUB-TOTAL BASE BID ITEMS - ITEMS 1 - 65			\$3,584,579.09		\$5,874,030.00	
	SUPPLEMENTARY BID ITEMS						
66	"Extra" Bank Sand, As Directed by Owner's Representative COMPLETE IN PLACE	100	CY	\$20.00	\$2,000.00	\$18.00	\$1,800.00
67	"Extra" Crushed Limestone Bedding, As Directed by Owner's Representative COMPLETE IN PLACE	50	CY	\$60.00	\$3,000.00	\$50.00	\$2,500.00
68	"Extra" Cement Stabilized Sand, 2.0 Sacks per Ton, As Directed by Owner's Representative COMPLETE IN PLACE	5	TON	\$60.00	\$300.00	\$30.00	\$150.00
69	"Extra" 4,000 PSI Structural Concrete, As Directed by Owner's Representative COMPLETE IN PLACE	25	CY	\$170.00	\$4,250.00	\$150.00	\$3,750.00
70	"Extra" Reinforcing Steel, As Directed by Owner's Representative COMPLETE IN PLACE	250	LB	\$5.00	\$1,250.00	\$1.00	\$250.00
71	"Extra" Turf Establishment, Full Sodding, As Directed by Owner's Representative COMPLETE IN PLACE	200	SY	\$15.00	\$3,000.00	\$5.00	\$1,000.00
72	"Extra" Ductile Iron Fittings with Restraints, In Accordance with Details on Plans, As Directed by Owner's Representative COMPLETE IN PLACE	1	TON	\$250.00	\$250.00	\$8,000.00	\$8,000.00
73	"Extra" Offset of proposed line to avoid sanitary and storm sewer facilities not shown on Plans AND Not Marked in Field, In Accordance with Details on Plans, As Directed by Owner's Representative COMPLETE IN PLACE	5	EA	\$1,400.00	\$7,000.00	\$2,000.00	\$10,000.00

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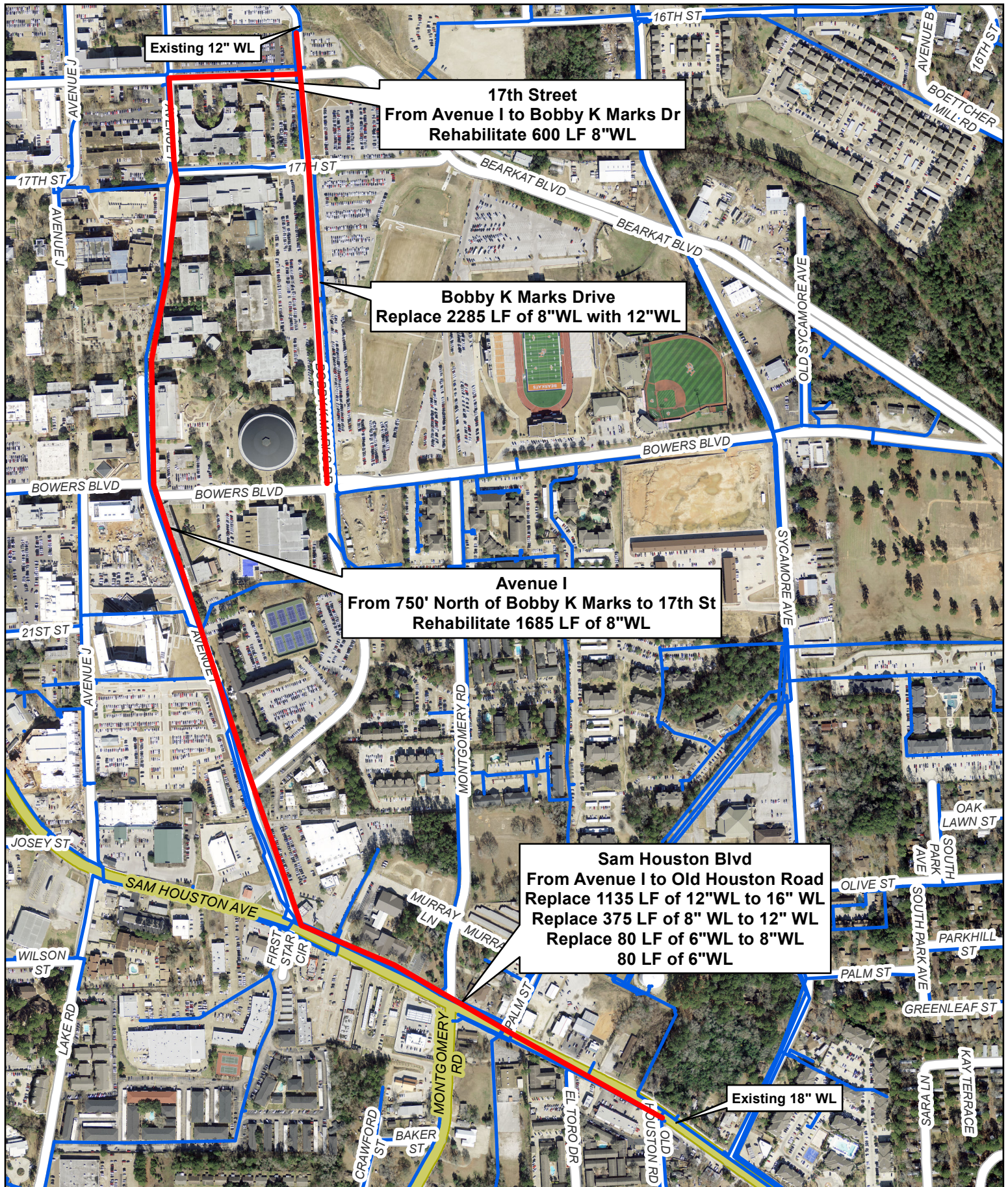
ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
74	"Extra" Repair of Existing Sanitary Sewer Not Shown on Plans AND Not Marked in the Field, in Accordance with City's Standards, As Directed by Owner's Representative COMPLETE IN PLACE	5	EA	\$2,000.00	\$10,000.00	\$2,000.00	\$10,000.00
75	16" Insertion Valve with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar, As Directed by Owner's Representative COMPLETE IN PLACE	1	EA	\$54,346.82	\$54,346.82	\$42,000.00	\$42,000.00
76	12" Insertion Valve with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar, As Directed by Owner's Representative COMPLETE IN PLACE	1	EA	\$24,945.65	\$24,945.65	\$18,000.00	\$18,000.00
77	8" Insertion Valve with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar, As Directed by Owner's Representative COMPLETE IN PLACE	1	EA	\$13,391.35	\$13,391.35	\$10,000.00	\$10,000.00
78	6" Insertion Valve with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar, As Directed by Owner's Representative COMPLETE IN PLACE	1	EA	\$12,173.91	\$12,173.91	\$9,000.00	\$9,000.00
79	4" Insertion Valve with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar, As Directed by Owner's Representative COMPLETE IN PLACE	1	EA	\$9,599.17	\$9,599.17	\$8,000.00	\$8,000.00
	SUB-TOTAL SUPPLEMENTARY ITEMS - ITEMS 65 - 79				\$145,506.90		\$124,450.00
	ALTERNATE "A" BID ITEMS						
A-1	8-Inch Waterline, Pipebursting Construction (Pre-Chlorinated HDPE, DR-11), as Shown on Plans All Depths COMPLETE IN PLACE	2,865	LF	\$73.00	\$209,145.00	\$360.00	\$1,031,400.00
A-2	Remove Exist. Valve and Replace with 8-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	10	EA	\$2,341.16	\$23,411.60	\$8,900.00	\$89,000.00
A-3	Remove Exist. Fire Hydrant and Replace with Fire Hydrant Assembly, With Restrained Joints, 4-Foot Bury, Concrete Collar, Thrust Block COMPLETE IN PLACE	5	EA	\$7,100.00	\$35,500.00	\$12,100.00	\$60,500.00
A-4	Extra Depth Bury for Fire Hydrant COMPLETE IN PLACE	10	VF	\$430.91	\$4,309.10	\$500.00	\$5,000.00
A-5	Construct New Polyethylene Tubing Service Connection (2-Inch), Short Side, Including Tap, Pipe, Valves, and Connection to Meter COMPLETE IN PLACE	2	EA	\$2,277.25	\$4,554.50	\$4,700.00	\$9,400.00
A-6	Construct New Polyethylene Tubing Service Connection (2-Inch), Long Side, Including Tap, Pipe, Valves, and Connection to Meter COMPLETE IN PLACE	2	EA	\$3,277.25	\$6,554.50	\$7,700.00	\$15,400.00
A-7	Construct Fire Service Connection (4-Inch), Including Tap, Pipe, Valves, and Connection to Fire Service COMPLETE IN PLACE	2	EA	\$5,695.34	\$11,390.68	\$7,400.00	\$14,800.00
A-8	Construct Fire Service Connection (8-Inch), Including Tap, Pipe, Valves, and Connection to Fire Service COMPLETE IN PLACE	1	EA	\$7,428.08	\$7,428.08	\$8,700.00	\$8,700.00
A-9	Provide Access Pit for Pipe Bursting Operations, All Depths COMPLETE IN PLACE	7	EA	\$3,000.00	\$21,000.00	\$6,200.00	\$43,400.00

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ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
A-10	Provide Temporary Water Service (2-Inch) for Customers along Pipe Burst Route COMPLETE IN PLACE	4	EA	\$3,800.00	\$15,200.00	\$6,800.00	\$27,200.00
A-11	Provide All Connections to Exist. Lines to Insure Complete Operation System is Delivered to the City COMPLETE IN PLACE	1	LS	\$50,000.00	\$50,000.00	\$25,000.00	\$25,000.00
	SUB-TOTAL ALTERNATE "A" BID ITEMS - ITEMS A-1 - A-11				\$388,493.46		\$1,329,800.00
	ALTERNATE "B" BID ITEMS						
B-1	Clean and Televisе Existing 8-Inch Waterline, All Depths COMPLETE IN PLACE	2,865	LF	\$12.00	\$34,380.00	\$20.00	\$57,300.00
B-2	Epoxy Lining (3MM) of Existing 8-Inch Waterline, All Depths COMPLETE IN PLACE	2,865	LF	\$116.00	\$332,340.00	\$100.00	\$286,500.00
B-3	Televisе Cleaned and Lined 8-Inch Waterline, All Depths COMPLETE IN PLACE	2,865	LF	\$12.00	\$34,380.00	\$7.00	\$20,055.00
B-4	Remove Exist. Valve and Replace with 8-Inch Gate Valve (AWWA C-509) with Adjustable Box, Joint Restraint (as necessary), Accessories, Concrete Collar COMPLETE IN PLACE	10	EA	\$3,841.16	\$38,411.60	\$6,500.00	\$65,000.00
B-5	Remove Exist. Fire Hydrant and Replace with Fire Hydrant Assembly, With Restrained Joints, 4-Foot Bury, Concrete Collar, Thrust Block COMPLETE IN PLACE	5	EA	\$6,682.33	\$33,411.65	\$9,600.00	\$48,000.00
B-6	Extra Depth Bury for Fire Hydrant COMPLETE IN PLACE	10	VF	\$530.97	\$5,309.70	\$650.00	\$6,500.00
B-7	Clean and Televisе Existing 8-Inch Fire Service, All Depths COMPLETE IN PLACE	100	LF	\$20.00	\$2,000.00	\$25.00	\$2,500.00
B-8	Epoxy Lining (3MM) of Existing 8-Inch Fire Service, All Depths COMPLETE IN PLACE	100	LF	\$125.00	\$12,500.00	\$125.00	\$12,500.00
B-9	Televisе Cleaned and Lined 8-Inch Fire Service, All Depths COMPLETE IN PLACE	100	LF	\$20.00	\$2,000.00	\$15.00	\$1,500.00
B-10	Construct New Polyethylene Tubing Service Connection (2-Inch), Short Side, Including Tap, Pipe, Valves, and Connection to Meter COMPLETE IN PLACE	2	EA	\$3,277.25	\$6,554.50	\$2,500.00	\$5,000.00
B-11	Construct New Polyethylene Tubing Service Connection (2-Inch), Long Side, Including Tap, Pipe, Valves, and Connection to Meter COMPLETE IN PLACE	2	EA	\$4,277.25	\$8,554.50	\$5,000.00	\$10,000.00
B-12	Construct Fire Service Connection (4-Inch), Including Tap, Pipe, Valves, and Connection to Fire Service COMPLETE IN PLACE	2	EA	\$4,595.34	\$9,190.68	\$9,300.00	\$18,600.00
B-13	Provide Access Pit for Cleaning, Televising, and Lining Operations, All Depths COMPLETE IN PLACE	7	EA	\$2,000.00	\$14,000.00	\$5,800.00	\$40,600.00
B-14	Provide Dump Site for Vac Truck for Cleaning Operations COMPLETE IN PLACE	1	LS	\$5,000.00	\$5,000.00	\$63,000.00	\$63,000.00

Bid Tabulation - Bid Opening, August 27, 2024 City of Huntsville FY 2223 Miscellaneous Waterline Replacement LJA Project No. E243-0010 City Project No. 22-10-23 FRN F-1386				5-T Utilities, Inc. P.O. Box 1318 Huntsville, TX 77342 936-439-4840 Rodney Twardeski rrt@5-tutilities.com		R Construction Civil, LLC P.O. Box 189 Buffalo, TX 75831 713-334-5757 Bryant Clickner contracts@rconstructioninc.com	
ITEM NO.	DESCRIPTION	EST. QTY.	UNITS	UNIT PRICE	TOTAL PRICE PER ITEM	UNIT PRICE	TOTAL PRICE PER ITEM
B-15	Provide Temporary Water Service (2-Inch) for Customers along Lined Pipe Route COMPLETE IN PLACE	4	EA	\$3,000.00	\$12,000.00	\$2,800.00	\$11,200.00
B-16	Provide All Connections to Exist. Lines to Insure Complete Operation System is delivered to the City COMPLETE IN PLACE	1	LS	\$25,000.00	\$25,000.00	\$32,000.00	\$32,000.00
SUB-TOTAL ALTERNATE ITEM "B" - ITEMS B-1 - B-16					\$575,032.63		\$680,255.00

SUMMARY OF BID

BASE BID AND SUPPLEMENTARY BID ITEMS	ITEMS 1 - 79	<u>\$3,730,085.99</u>	<u>\$5,998,480.00</u>
BASE BID, SUPPLEMENTARY BID, AND ALTERNATE "A" BID ITEMS	ITEMS 1 - 79 ITEMS A1 - A11	<u>\$4,118,579.45</u>	<u>\$7,328,280.00</u>
BASE BID, SUPPLEMENTARY BID, AND ALTERNATE "B" BID ITEMS	ITEMS 1 - 79 ITEMS B1 - B16	<u>\$4,305,118.62</u>	<u>\$6,678,735.00</u>



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1 in = 600 ft

On 8.5 x 11 inch Print

0 295 590 1,180 Feet

On Any Print Size

CREATED DATE: 9/12/2024

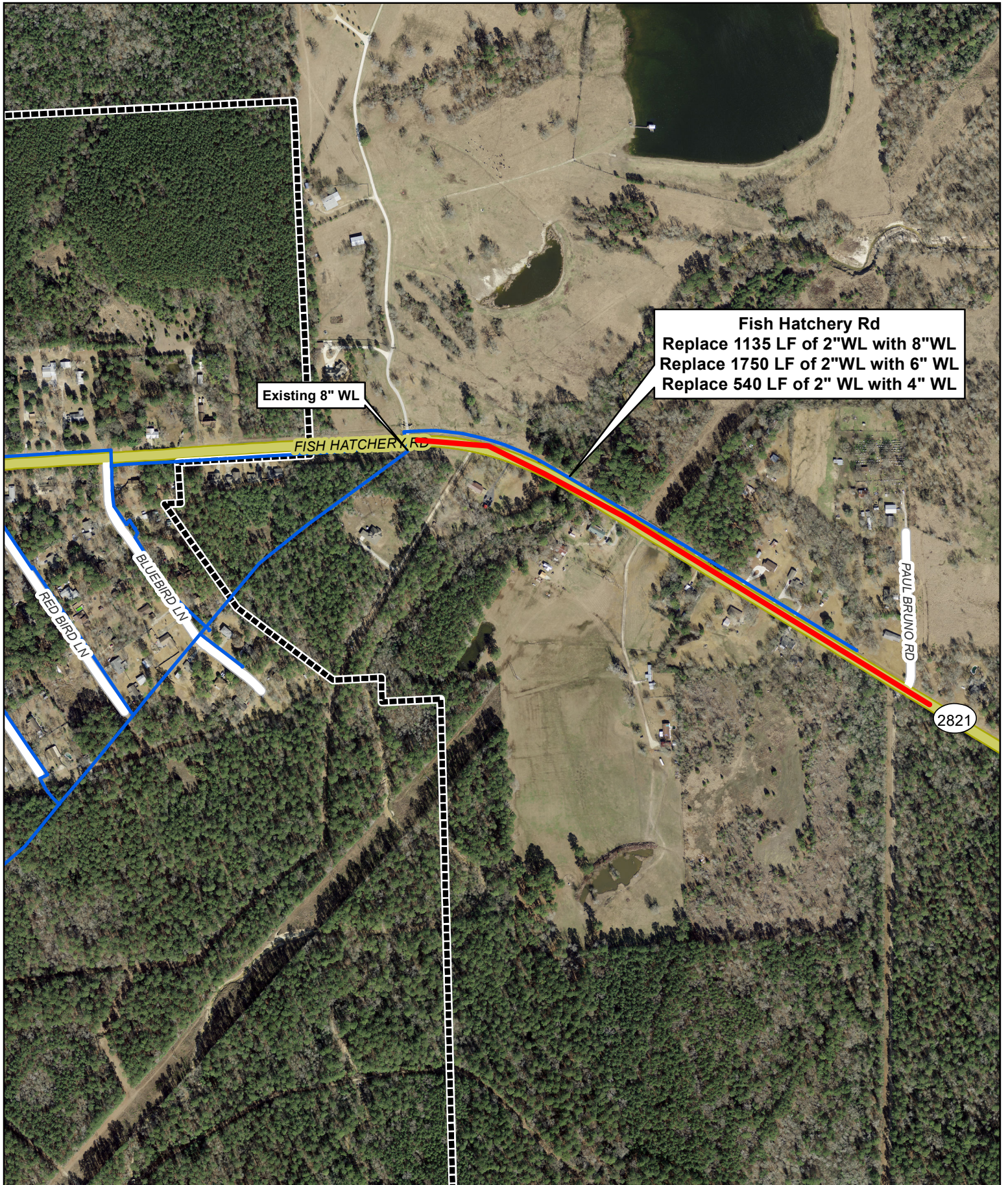


Service Layer Credits:

CITY OF HUNTSVILLE, TX
ENGINEERING DEPARTMENT / GIS DIVISION
ARP Miscellaneous Waterline Project 22-10-23

Avenue I, 17th St, Bobby K Marks Dr & Sam Houston Blvd





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On 8.5 x 11 inch Print



0 295 590 1,180 Feet

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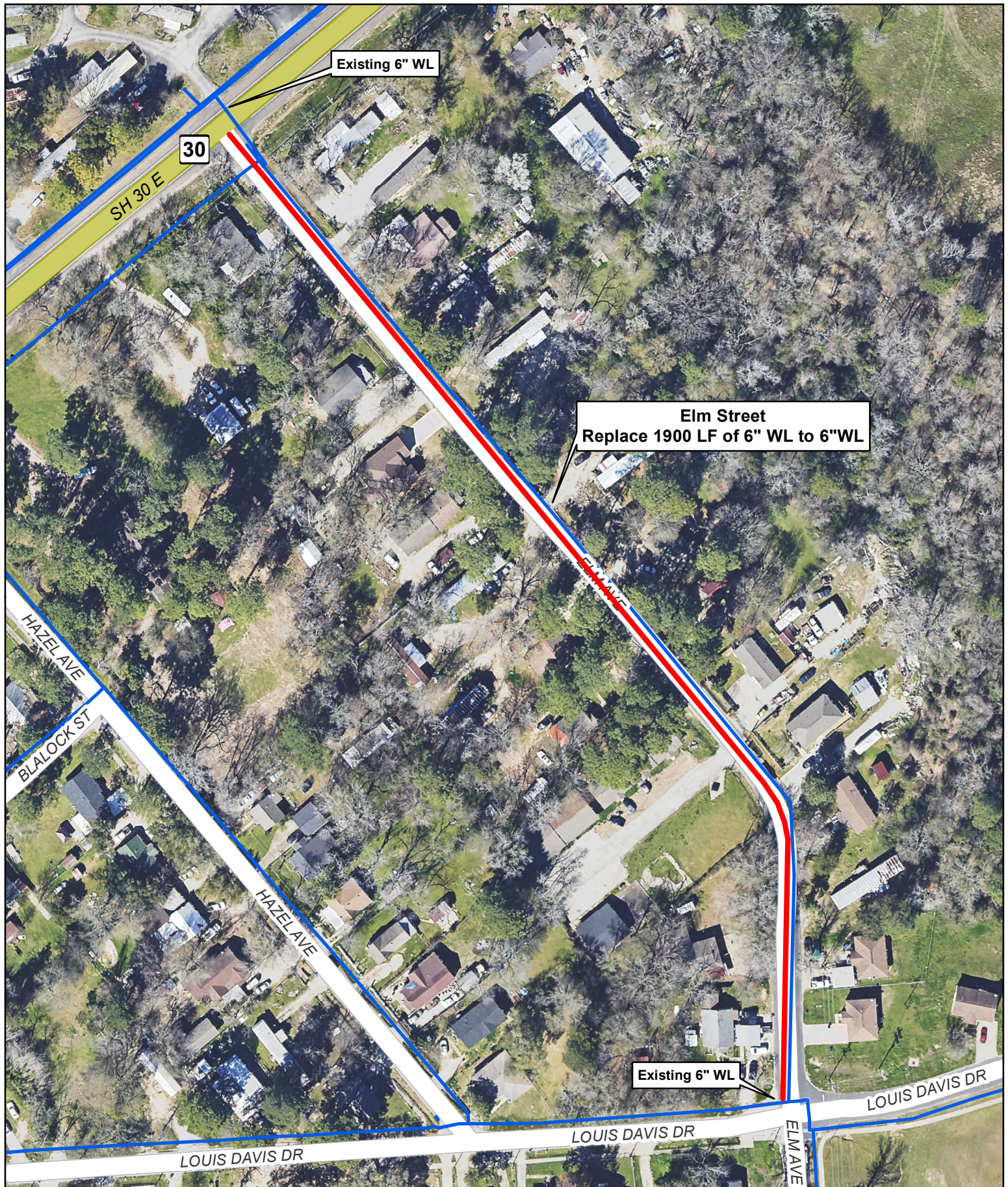
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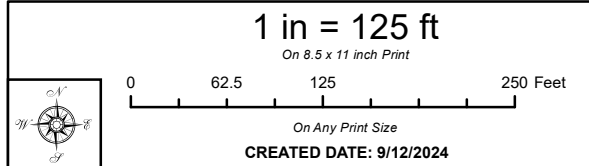
CITY OF HUNTSVILLE, TX
ENGINEERING DEPARTMENT / GIS DIVISION
ARP Miscellaneous Waterline Project 22-10-23

Fish Hatchery Road



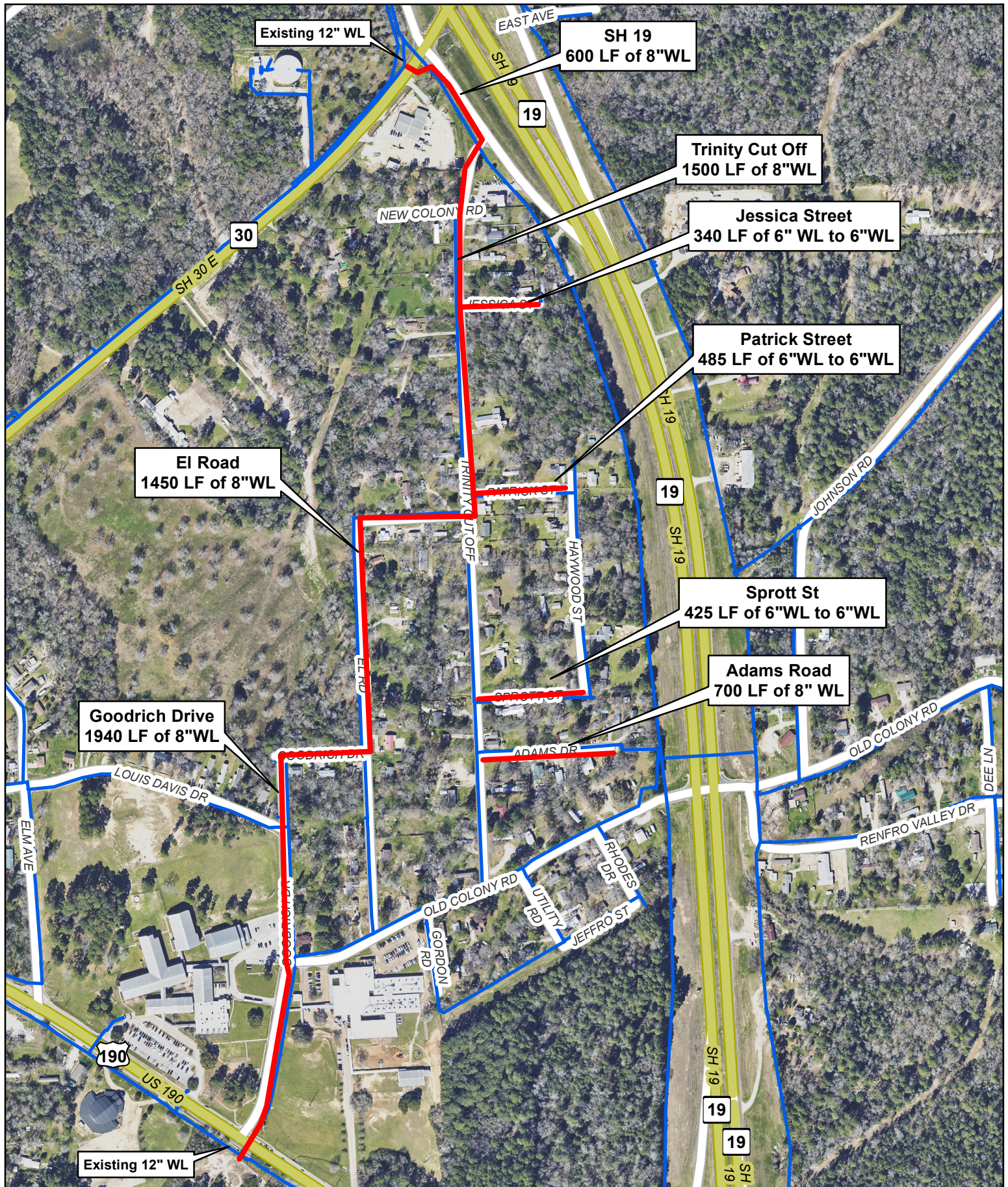


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CITY OF HUNTSVILLE, TX
 ENGINEERING DEPARTMENT / GIS DIVISION
ARP Miscellaneous Waterline Project 22-10-23
 Elm Street





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1 in = 500 ft

On 8.5 x 11 inch Print

0 245 490 980 Feet

On Any Print Size

CREATED DATE: 9/12/2024



Service Layer Credits:

CITY OF HUNTSVILLE, TX
ENGINEERING DEPARTMENT / GIS DIVISION
ARP Miscellaneous Waterline Project 22-10-23
Trinity Cut-Off Rd, SH 19, El Rd, Goodrich Dr., Jessica St,
Patrick St, Sprott St, Adams St





CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 2.c.

Agenda Item: Consider Ordinance 2024-24, levying special assessments for, and apportioning the costs of, certain improvements to property in and for the Reserves of Huntsville Public Improvement District; fixing a charge and lien against all properties within 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 the district and the real and true owners thereof; approving a service and assessment plan; providing a severability clause; and providing an effective date.

Initiating Department/Presenter: Development Services

Presenter:

Kevin Byal, Director of Development Services

Recommended Motion: First Reading - No action required.

Strategic Initiative: Strategic Priority #2, Economic Development - Create an economic climate for the City of Huntsville that drives development of diverse industries and sectors, providing sustainable economic growth and improved living standards.

Discussion: At the August 16, 2022 City Council meeting, City Council approve Resolution 2022-23, a resolution creating "The Reserves of Huntsville" Public Improvement District (PID) and also authorized the City Manager to enter into a Development agreement with the developer.

The Reserves of Huntsville is a single-family residential development having approximately 140 single family home lots and includes the first Public Improvement District (PID) in Huntsville. The PID is created as a funding mechanism to reimburse the developer for the construction of authorized public improvements that serve the residence of the PID.

The passage of this ordinance levying special assessments for improvements in the PID is a formal legal step required to finance the public improvements that benefit properties within the district. It provides the legal authority to impose and collect the special assessments from property owners. Without this ordinance, there would be no binding legal framework to enforce payment.

The public improvements like streets, sidewalks, drainage, or landscaping are funded through this special assessments on property owners within the district. The ordinance ensures that the cost of these improvements is fairly distributed among the benefiting properties.

The ordinance also establishes a first and prior lien on properties within the district for the amounts assessed, including interest, attorney's fees, and collection costs. This lien takes priority over all other liens except for state, county, school district, or municipal taxes. Property owners, whether correctly named or not, are personally liable for the assessments. The assessments will be payable to the city according to the Assessment Roll attached to the Service and Assessment Plan.

Key points include:

- The levy of assessments becomes effective upon the adoption of the ordinance.
- The costs of improvements are apportioned as described in the Service and Assessment Plan.
- Assessments and annual installments can be paid in a lump sum or in installments, accruing interest as specified in the plan.
- The city will collect and manage the assessments to cover improvement costs and related debt service, with any excess funds reducing annual installment amounts.

Previous Council Action: December 21, 2021 – City Council voted to approve the concept of creating a Public Improvement District for this specific project.

February 1, 2022 – City Council approved resolution 2022-5 setting a public hearing date to solicit public input concerning the creation of Public Improvement District (PID) No. 1 for the Reserves of Huntsville.

March 1, 2022 – City Council held a public hearing giving the public an opportunity to comment on the creation of the proposed PID.

August 16, 2022 – City Council approved Resolution 2022-23, a resolution creating "The Reserves of Huntsville" Public Improvement District (PID) in accordance with Chapter 372 of the Texas Local Government Code as amended, to create a public improvement district within the corporate limits of Huntsville and authorized the City Manager to enter into a development agreement with the developer.

May 7, 2024 - City Council authorized the City Manager to enter into a reimbursement agreement with the developer.

Financial Implications: The financial impact of any action the Council considers will be included in the PID assessment.

Approvals:

Kevin Byal
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. Ord 2024-24 Assessment Ordinance
2. Exhibit A-Preliminary Service & Assessment Plan

ORDINANCE NO. 2024-24

AN ORDINANCE LEVYING SPECIAL ASSESSMENTS FOR, AND APPORTIONING THE COSTS OF, CERTAIN IMPROVEMENTS TO PROPERTY IN AND FOR THE RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT; FIXING A CHARGE AND LIEN AGAINST ALL PROPERTIES WITHIN 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 THE DISTRICT AND THE REAL AND TRUE OWNERS THEREOF; APPROVING A SERVICE AND ASSESSMENT PLAN; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Subchapter A of Chapter 372 of the Texas Local Government Code (the "*Act*") allows for the creation of public improvement districts; and

WHEREAS, a petition was submitted and filed with the City Secretary (the "*City Secretary*") of the City of Huntsville, Texas (the "*City*") pursuant to the Act, requesting the creation of a public improvement district located within the corporate limits of the City to be known as The Reserves of Huntsville Public Improvement District to provide public improvements within the District to include the design, acquisition, and construction of public improvement projects authorized by Section 372.003(b) of the Act that are necessary for development of the District, which public improvements will include, but not be limited to, streets, roadway construction, water, wastewater, and drainage facilities and improvements, and other improvement projects; and

WHEREAS, the petition contained the signatures of the record owners of taxable real property representing more than 50% of the appraised value of the real property liable for assessments within the District, as determined by the then current ad valorem tax rolls of the Walker Central Appraisal District, and the signatures of record property owners who own taxable real property that constitutes more than 50% of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on August 16, 2022, after due notice, the City Council (the "*City Council*") of the City held the public hearing in the manner required by law on the advisability of the improvement projects described in the petition as required by Section 372.009 of the Act and on August 16, 2022 the City Council made the findings required by Section 372.009(b) of the Act and, by Resolution No. 2022-23 (the "*Creation Resolution*"), adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects; and

WHEREAS, following the adoption of the Creation Resolution, the City recorded such resolution with Walker County on August 6, 2024; and; and

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

WHEREAS, pursuant to the Act, the proposed assessment roll for the District (the "*Assessment Roll*") and service and assessment plan were filed with the City Secretary; and

WHEREAS, the statutory notice of a public hearing was published on _____. 2024, to consider the levy of the proposed assessments (the "*Assessments*") on real property within the District was published in the *Huntsville Item*, a newspaper of general circulation in the City and was mailed to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, after notice was provided as required by the Act, the City Council on _____ 2024, held a public hearing to consider the levy of the proposed Assessments on property within the District, at which any and all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the authorized improvements to be undertaken for the benefit of all property to be assessed within the District (the "*Authorized Improvements*"), the purposes of the Assessments, the special benefits of the Authorized Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, the City Council finds and determines that the Assessment Roll and The Reserves of Huntsville Public Improvement District the Service and Assessment Plan, in a form substantially similar to the attached Exhibit A, which final form shall be approved by the City Manager (the "*Service and Assessment Plan*"), and which is incorporated herein for all purposes, should be approved and that the Assessments should be levied as provided in this Ordinance, the Service and Assessment Plan and the Assessment Roll; and

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

WHEREAS, in connection with the levy of the Assessments, concurrently herewith, the owners (the "*Landowners*") of the privately-owned and taxable property located within the District will execute a landowner agreement, wherein the Landowners, among other things, approve and accept this Ordinance and the Service and Assessment Plan, including the Assessment Roll, consent to and accept the levy of the Assessments against their property located within the District and agree to pay the Assessments; and

WHEREAS, the City Council closed the hearing on April 1, 2021, and, after considering all written and documentary evidence presented at the hearing, including all written comments

and statements filed with the City, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the Act; and

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

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

Section 1. All matters stated in the preamble of this Ordinance are found to be true and correct and are incorporated into the body of this Ordinance as if copied in their entirety.

Section 2. The Service and Assessment Plan, attached hereto as Exhibit A has been presented to and reviewed by the City Council and the City Council hereby approves the Service and Assessment Plan and adopts the Service and Assessment Plan as the service plan and assessment plan for the District. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Service and Assessment Plan.

Section 3. The Authorized Improvements described in the preamble hereof include the improvements that will benefit and serve all of the property within the District and are set forth in Section IV of the Service and Assessment Plan.

Section 4. The City Council hereby finds and determines upon the evidence presented in reference to the property located within the District that: (i) the enhancement and value to accrue to the District and the real and true owner or owners thereof by virtue of construction of the Authorized Improvements will be equal to or in excess of the amount of the cost of the proposed Authorized Improvements; (ii) that the apportionment of the costs of the Authorized Improvements and the Assessments here and below made are just and equitable and produce substantial equality, considering the benefits received and the burdens imposed thereby, and result in imposing equal shares of the cost of the Authorized Improvements on property similarly benefitted, and are in accordance with the laws of the State of Texas; (iii) the property assessed is specially benefitted by means of the said Authorized Improvements in the District in relation to the costs of such improvements; (iv) all procedures that have taken place heretofore with reference to the Authorized Improvements and Assessments are in all respects regular, proper, and valid; and (v) all prerequisites to the fixing of the assessment liens against the properties within the District, and the personal liability of the real and true owner or owners thereof, whether correctly named herein or not, have been in all things regularly and duly performed in compliance with the Act and the proceedings of the City Council. The cost of said Authorized Improvements is hereby assessed and levied as a special assessment against such properties and the real and true owner or owners thereof in the amounts as described in Exhibit F of the Service and Assessment Plan attached hereto.

Section 5. There shall be and is hereby levied and assessed against the property within the District, and against the real and true owners thereof (whether such owners be

correctly named or not), the sums of money as listed in Exhibit F of the Service and Assessment Plan attached hereto and made a part hereof shown for each of the respective parcels of property, and the assessed against the same, and the owners thereof.

Section 6. The sums assessed against property located within the District and the real and true owners or owner thereof, whether the owner or owners be named or correctly named, or the properties be correctly described therein or not, together with interest thereon at the rate per annum when required as set forth in the Service and Assessment Plan and with reasonable attorney's fees and all costs and expenses of collection, if incurred, are hereby declared to be and made a first and prior lien upon the respective parcels of property against which same are assessed from and after this date, and a personal liability and charge against the real and true owner or owners thereof, whether or not such owner or owners be correctly named herein, paramount and superior to all other liens, claims or titles except for lawful claims for state, county, school district, or municipality ad valorem taxes; and that the sum so assessed shall be payable to the City or its assigns in accordance with the Assessment Roll attached as Exhibit F to the Service and Assessment Plan.

Section 7. (a) The levy of the Assessments shall be effective on the date of adoption of this Ordinance levying assessments and strictly in accordance with the terms of the Service and Assessment Plan.

(b) The apportionment of the costs of the Authorized Improvements to be assessed against the property within the District, shall be as set forth in the Service and Assessment Plan.

(c) Assessments and Annual Installments shall be collected, administered and may be reallocated, and the costs of improvements paid, as set forth in: (i) this Ordinance; (ii) the Service and Assessment Plan and (iii) any ordinance, resolution, bond indenture or agreement approved by the City Council.

(d) Each Assessment may be paid in a lump sum or may be paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.

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

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

(g) Assessments and the interest thereon shall be deposited as and when received by the City into a separate fund to be used to pay the costs incurred for the Authorized Improvements, including debt service on obligations issued to pay the costs of the Authorized Improvements, and the establishment of each such fund is hereby approved.

(h) The Annual Installments shall be reduced to equal the actual costs of repaying the related series of bonds and actual Annual Collection Costs (as provided for in the definition of

such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

Section 8. This Ordinance incorporates by reference all provisions and requirements of the Act.

Section 9. If any section, article, paragraph, sentence, clause, phrase, or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance; and the City Council hereby declares it would have passed such remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 10. This Ordinance shall take effect immediately from and after its passage and it is accordingly so ordained.

PASSED & APPROVED at first reading on October 1, 2024, by a vote of ____ (ayes) to ____ (nays) to ____ (abstentions) of the City Council of Huntsville, Texas

PASSED & APPROVED at second reading on October 15, 2024, by a vote of ____ (ayes) to ____ (nays) to ____ (abstentions) of the City Council of Huntsville, Texas.

By motion duly made, seconded and passed with an affirmative vote of all the Councilmembers present, the requirement for reading this ordinance on two separate dates was dispensed with.

ATTEST:

Mayor – Russell Humphrey

City Secretary - Kristy Doll

Approved as to form:

City Attorney – Leonard Schneider

Exhibit A

THE RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT
THE DISTRICT
SERVICE AND ASSESSMENT PLAN

(see attached)



www.FinanceDTA.com

PRELIMINARY SERVICE AND ASSESSMENT PLAN

CITY OF HUNTSVILLE, TX

THE RESERVES PUBLIC IMPROVEMENT
DISTRICT

Report Date: September 12, 2024

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds

*Newport Beach | San Jose | San Francisco | Riverside
Dallas | Houston | Raleigh | Tampa*

CITY OF HUNTSVILLE



PRELIMINARY SERVICE AND ASSESSMENT PLAN THE RESERVES PUBLIC IMPROVEMENT DISTRICT

Prepared for:

City of Huntsville

1212 Avenue M

Huntsville, Texas 77340

Attn: Kevin Byal, Director of Development Services/Building Official

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APPENDICES

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APPENDIX D	LOT TYPE MAP

I INTRODUCTION

On August 16, 2022 (the “**Creation Date**”), the City Council of the City of Huntsville, Texas (the “**City**”) passed Resolution No. 2022-23 approving and authorizing the creation of The Reserves Public Improvement District (the “**PID**” or “**District**”), to finance the costs of certain public improvements for the benefit of property in the PID (the “**Authorized Improvement(s)**”), of which 33.22 acres are currently located in the City.

Chapter 372 of the Texas Local Government Code, Improvement Districts in municipalities and counties (as amended, the “**PID Act**”), governs the creation of public improvement districts within the State of Texas. This Preliminary Service and Assessment Plan has been prepared pursuant to the PID Act. According to the PID Act, a Service Plan “must (i) cover a period of 5 years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code”. The governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The Service Plan is described in **Section V** of this Preliminary Service and Assessment Plan.

The Assessment Roll for the District is attached hereto as **Appendix A**, and identifies the Assessment and anticipated Annual Installments for each property. The Assessments as shown on the Assessment Roll are based on the method of assessment described in **Section VI** of this Preliminary Service and Assessment Plan. A copy of the notice required by Section 5.014 of the Texas Property Code is attached hereto as **Appendix B**; this notice will also be included in all future annual updates to the Service and Assessment Plan.

II DEFINITIONS

Capitalized terms shall have the meanings ascribed to them as follows:

"Actual Cost(s)" means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certificate for Payment that has been reviewed and approved by the City. Actual Cost may include: (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction, and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, as limited below; (b) the costs of preparing the construction plans for such Authorized Improvement; (c) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvement; (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting, and similar professional services; (e) the costs of all labor, bonds, and materials incurred by contractors, builders, and material men in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (f) all related permitting, zoning, and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees, and charges (including inspection fees, City permit fees, development fees), insurance premiums, miscellaneous expenses.

Actual Costs include general contractor's fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to 5.0% of the eligible Actual Costs described in a Certificate for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

"Additional Interest" means the incremental interest rate charged on the Assessments securing PID Bonds in excess of the interest rate charged on the PID Bonds issued by the City, not to exceed 0.50% as authorized pursuant to the PID Act and further described in **Section VI(F)**. Additional Interest shall be charged at the rate specified in the Development Agreement or Indenture, whichever governs, as amended.

"Administrative Expenses" means the portion of the Annual Installment collected for the administrative, organizational, and operation costs and expenses associated with, or incident to, the administration, organization, and operation of the PID. Administrative Expenses include, but are not limited to, the costs of:

- i. Hiring legal counsel, engineers, accountants, financial advisors, investment bankers, or other consultants and advisors;

- ii. Creating and organizing the PID (including engineering fees, legal fees, and consultant fees), preparing the Assessment Roll, and preparing the Annual Service Plan Update;
- iii. Computing, levying, collecting, and transmitting the Assessments or the Annual Installments thereof, including foreclosure and maintaining a record of installments, payments, and reallocations and/or cancellations of the Assessments;
- iv. Investing or depositing the Assessments or other monies;
- v. Complying with the PID Act and arbitrage requirements;
- vi. Paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel) related to the PID Bonds; and
- vii. Complying with continuing disclosure obligations.

"Administrator" means the City or a third party whom the City designates by contract who shall have the responsibilities provided for herein. The City has selected DTA, Inc. as the Administrator.

"Annual Installment(s)" means, with respect to each parcel of Assessed Property, each annual payment of: (i) annual principal amount due on the Assessments, (ii) annual interest amount due on the Assessments including the Additional Interest, as applicable, as set forth herein, and (iii) Administrative Expenses.

"Annual Service Plan Update" has the meaning set forth in **Section V** of this Preliminary Service and Assessment Plan.

"Assessed Property" means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown on the applicable Assessment Roll and as the Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all parcels or Lots within the PID other than Non-Benefited Property.

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

"Assessment Ordinance" means an Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

"Assessment Revenues" means the revenues actually received by or on behalf of the City from the collection of Assessments.

"Assessment Roll" means the Assessment Roll attached hereto as **Appendix A** identifying the Assessment and anticipated Annual Installments for each parcel or Lot, or any other Assessment Roll as set forth in an amendment or supplement to this Preliminary Service and Assessment Plan or in an Annual Service Plan Update.

"Authorized Improvement Costs" mean the budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as described in **Section IV**.

"Authorized Improvements" means those improvements (i) listed in **Table IV-1** and described in **Section IV(A)**, authorized by **Section 372.003** of the PID Act, acquired, constructed, or installed in accordance with this SAP, as may be amended pursuant to any Annual Service Plan Updates and/or amended and restated SAP, and (ii) for which Assessments are levied against the Assessed Property receiving a special benefit from such improvements.

"Build-out" means, for the District, that all Assessed Property expected to be developed within the District has been constructed, as determined by the City and based on assumptions provided by the Developer. Although the actual unit counts and assessed value at Build-out may vary from the estimates identified in **Table VI-1** of this SAP, the initial Assessment allocation for each Lot Type as set forth in this SAP will not change and any adjustments to unit counts or assessed value at Build-out resulting in an allocation of the Assessment that exceeds the Assessment for the Lot Type as set forth in this SAP shall require a Mandatory Prepayment as outlined in **Section VII**.

"Certificate for Payment" means the certificate to be provided by the Owner, or the Owner's designee, to substantiate the Actual Cost of one or more Authorized Improvements, as described in the Indenture.

"City" means the City of Huntsville, Texas.

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

"Delinquency and Prepayment Reserve" means a reserve amount to be funded from the Additional Interest collected each year as more fully described in **Section VI(I)** of this Preliminary Service and Assessment Plan.

"Delinquent Collection Costs" means interest, penalties, and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney's fees, and any third-party costs paid or incurred by the City as a result of any delinquency of an Assessment.

"Developer" means, collectively, PHD-Huntsville 34, L.P., or their respective successors and assigns.

"Development Agreement" means The Reserves Development Agreement by and among the City and the Owner dated November 9, 2022, including any subsequent amendments.

"Fiscal Year" or "FY" means the 12-month period starting October 1 and ending September 30.

"Indenture" means one or more indentures of trust or similar document setting forth the terms and other provisions relating to the PID Bonds, as modified, amended, and/or supplemented from time to time.

"Lot" means a tract of land that is (i) a "lot" in a final subdivision plat recorded in the official records of Walker County, Texas, (ii) tract of land identified in a development/concept plan anticipated to be described as a "lot" in a final recorded subdivision plat or (iii) tract of land identified in preliminary plat anticipated to be described as a "lot" in a final recorded subdivision plat, and such (i), (ii), or (iii) is the basis for the determination of benefit and the levy of Assessments.

"Lot Type" means a classification of final building Lots with similar characteristics as determined or approved by the Administrator and confirmed by the City Council. Lots within the PID shall be classified as "50'-wide Lot," encompassing all Lots with a typical lot width of 50 feet, as determined from the final subdivision plat/plotting plan attached hereto as **Appendix D**. The Administrator's classifications shall be final.

"Non-Benefited Property" means the property that accrues no special benefit from the Authorized Improvements. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in **Section VII.C.3**.

"Non-Eligible Improvement Costs" mean the budgeted costs, as applicable, of all or any portion of the Non-Eligible Improvements, as described in **Section IV**.

"Non-Eligible Improvements" means those improvements listed in **Table IV-1** that are constructed and/or installed in connection with the development of property within the PID that are not permitted by **Section 372.003** of the PID Act. Non-Eligible Improvements will be paid for entirely by the Developer and will not be eligible to be funded through either PID Bond proceeds or Annual Installment revenues.

"Owner" means, collectively, PHD-Huntsville 34, L.P., a Texas limited liability company, or their respective successors and assigns.

"Parcel(s)" means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Walker Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Walker County.

"PID" has the meaning set forth in **Section I** of this Preliminary Service and Assessment Plan.

"PID Act" has the meaning set forth in **Section I** of this Preliminary Service and Assessment Plan.

"PID Bonds" means one or more series of bonds issued to fund the Actual Costs of the Authorized Improvements (or a portion thereof). In connection with the issuance of PID Bonds, Assessments will be levied only on Assessed Property, other than Non-Benefited Property.

"Prepayment Costs" means interest (including Additional Interest) and Administrative Expenses incurred up to the date of prepayment of an Assessment.

"Service and Assessment Plan" or **"SAP"** means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, and as may be updated or amended from time to time.

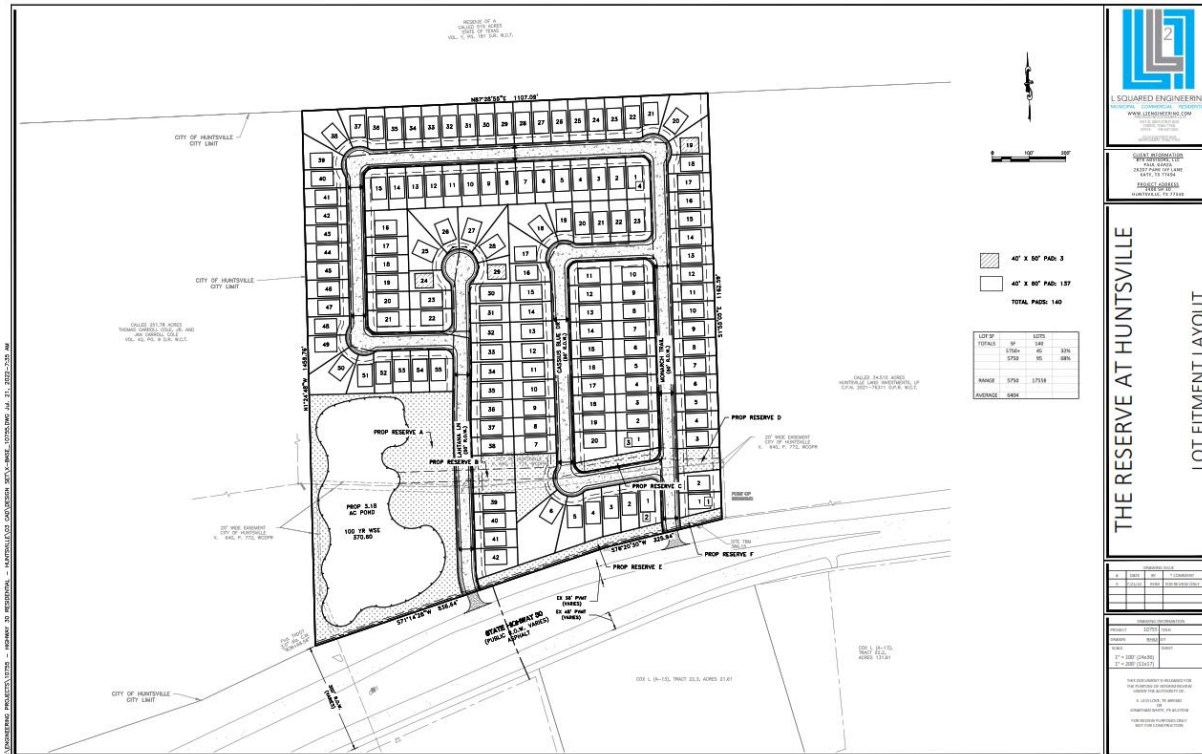
"Trustee" means the trustee as specified in the Indenture, including a substitute or successor trustee.

III PROPERTY INCLUDED IN THE PID

The PID is located entirely within the City and contains approximately 33.22 total acres of land. Legal descriptions of the boundaries of the PID are included in **Appendix C**.

A site plan of the property within the PID is shown below in Figure III-1. At completion, the PID is expected to consist of approximately 140 single-family residential units as well as the infrastructure necessary to provide roadways, landscaping, drainage, and utilities to the property within the PID. The estimated number of Lots (140) and the classification of each Lot to a Lot Type are based upon the proposed development plan provided by the Developer, attached hereto as **Appendix D**.

Figure III-1: PID Site Plan



IV DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

Section 372.003 of the PID Act defines the Authorized Improvements that may be undertaken by the City through the establishment of the PID. Authorized Improvements that may be undertaken pursuant to the PID Act include the following:

- Landscaping;
- Erection of fountains, distinctive lighting, and signs;
- Acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- Construction or improvement of pedestrian mall;
- Acquisition and assessment of pieces of art;
- Acquisition, construction, or improvement of libraries;
- Acquisition, construction, or improvement of off-street parking facilities;
- Acquisition, construction, or improvement of rerouting of mass transportation facilities;
- Acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- The establishment or improvement of parks;
- Projects similar to those listed in Subdivisions (i)-(x);
- Acquisition, by purchase or otherwise, of real property in connection with a public improvement;
- Special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development recreation, and cultural enhancement;
- Payment of expenses incurred in the establishment, administration, and operation of the district; and
- The development, rehabilitation, or expansion of affordable housing.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements described in **Section IV(A)** of this SAP should be undertaken by the Developer.

A Descriptions and Estimated Costs of the Authorized Improvements

The costs of the Authorized Improvements, shown in **Table IV-1**, include the costs which benefit all Lots. These figures are estimates and may be revised in subsequent Annual Service Plan Updates.

The Authorized Improvements are generally described as follows and are constructed in accordance with the Development Agreement, the plans and specifications approved by the City, applicable local ordinances to the extent not modified by the City in writing, applicable state and federal regulations, and good engineering practices.

- **Roadway Improvements** – The roadway improvements are public road improvements including construction, grading, concrete, reinforcing steel, asphalt, lime, sidewalks, signs, lighting fixtures, street scaping, related dry utility work, and public walkway widening. The roadway improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. The costs of the roadway improvements are set forth in **Table IV-1**.
- **Water Improvements** – The water improvements include water mains, trench excavation and embedment, dewatering, trench safety, PVC piping, bore, valves, ground storage, pumps, fire hydrants, thrust restraint devices, service connections, and testing. The water improvements will be designed and constructed in accordance with City and Texas Commission on Environmental Quality (“TCEQ”) standards and specifications and will be owned and operated by the City. The costs of the water improvements are set forth in **Table IV-1**.
- **Sanitary Sewer Improvements** – The sanitary sewer improvements include sewer mains, manholes, trench excavation and embedment, dewatering, trench safety, and PVC piping. The sanitary sewer improvements will be designed and constructed in accordance with City and TCEQ standards and specifications and will be owned and operated by the City. The costs of the sanitary sewer improvements are set forth in **Table IV-1**.
- **Storm Drainage Improvements** – The drainage improvements include preparation of a Stormwater Pollution Prevention Plan (“SWPPP”), storm sewer mains, inlets, earthen channels, swales, excavation and embedment, dewatering, trench safety, grade inlets, RCP piping and hoses, headways, concrete flumes, rock rip rap, and concrete outfalls. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. The costs of the drainage improvements are set forth in **Table IV-1**.
- **Earthwork Improvements** – The earthwork improvements include excavation, embankment, and grading. The earthwork improvements will be designed and constructed in accordance with City standards and specifications and will be owned

and operated by the City. The costs of the landscaping improvements are set forth in **Table IV-1**.

- **Professional and Soft Costs** – Professional and Soft Costs are the expenses incurred in the design, engineering and construction management of the Authorized Improvements and the establishment, administration, and operation of the district, but exclude the costs related to the issuance of the PID Bonds. The professional and soft costs are set forth in **Table IV-1**.

Table IV-1: PID Eligible Project Costs*

Description	PID Eligible Authorized Improvement Costs			Non-Eligible Improvement Costs	Total Improvement Costs
	PID Bond Funded	Developer Funded	Total		
Road Improvements	\$1,160,444	\$290,352	\$1,450,796	\$0	\$1,450,796
Water Systems	\$562,679	\$140,786	\$703,465	\$0	\$703,465
Sanitary Sewer	\$490,479	\$122,722	\$613,201	\$0	\$613,201
Storm Sewer	\$1,125,256	\$281,547	\$1,406,803	\$0	\$1,406,803
Earthwork	\$428,794	\$107,287	\$536,081	\$823,200	\$1,359,281
Park & Play Pavillion	\$0	\$0	\$0	\$541,530	\$541,530
Contingency	\$127,465	\$31,893	\$159,358	\$0	\$159,358
Miscellaneous	\$333,388	\$83,416	\$416,804	\$55,000	\$471,804
Professional & Soft Costs	\$966,883	\$241,922	\$1,208,805	\$424,758	\$1,633,563
Total	\$5,195,388	\$1,299,926	\$6,495,313	\$1,844,488	\$8,339,801

***Note:** Costs provided by the Developer. The amounts shown are subject to rounding and may be revised in Annual Service Plan Updates.

The funding of the Authorized Improvements as depicted in **Table IV-1** will be from the proceeds of the PID Bonds and/or Developer cash contributions. The entire Non-Eligible Improvement Costs will be privately funded by the Developer, without any reimbursements from the PID Bond proceeds or Annual Installment revenues. Note, the construction and/or installation of the Authorized Improvements and Non-Eligible Improvements are entirely the responsibility of the Developer and are non-recourse to the City.

V SERVICE PLAN

The PID Act requires the service plan to cover a period of at least 5 years and define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the 5-year period.

Construction of the Authorized Improvements began in Q2 of 2024 and is anticipated to be substantially complete in September 2024.

As reflected in **Table V-1** on the following page, the total uses of funds are approximately \$6,500,000 and include the following:

- Estimated Authorized Improvement Costs and the source funding;
- Estimated costs related to the issuance of PID Bonds;
- Deposits to fund the required reserves and capitalized interest, if required, for PID Bonds; and
- Payment of expenses incurred in the establishment, administration, and operation of the PID.

The sources of funds are comprised of cash contributions from the Owner and aggregate principal amount of the PID Bonds, which are computed using the following assumptions:

- PID Bonds will each be issued in a single series of 30-year bonds with an estimated average coupon rate of 6.50%;
- Capitalized Interest is calculated through March 15, 2025; and
- PID Bonds are expected to be issued on October 31, 2024.

The sources and uses of funds shown in **Table V-1** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and changes to Actual Costs.

Table V-1: Sources and Uses

Description	PID Bonds
Sources of Funds	
PID Bond Par Amount	\$6,500,000
Total Sources of Funds	\$6,500,000
Uses of Funds	
<u>Estimated Costs</u>	
Road Improvements	\$1,160,444
Water Systems	\$562,679
Sanitary Sewer	\$490,479
Storm Sewer	\$1,125,256
Earthwork	\$428,794
Park & Play Pavillion	\$0
Contingency	\$127,465
Miscellaneous	\$333,388
Professional & Soft Costs	\$966,883
Subtotal Improvements Costs	\$5,195,388
<u>Financing Costs</u>	
Costs of Issuance	\$415,000
Underwriter's Discount	\$195,000
Capitalized Interest	\$158,438
Reserve Fund Deposit	\$506,175
Administrative Expenses	\$30,000
Subtotal Financing Costs	\$1,304,613
Total Uses of Funds	\$6,500,000

***Note:** Numbers may not sum due to rounding. The current appraised market value of the District of \$9,163,000 would yield a value-to-lien ratio at 1.41. To comply with the mandated value-to-lien ratio of 2:1, only \$1,358,387 of \$5,195,387 earmarked for funding the Authorized Improvements will be available at the time of closing, with the remaining \$3,837,000 released after the completion of 17 residential homes within the District, upon the approval from the City.

This Preliminary Service and Assessment Plan shall be reviewed and updated annually for the purpose of determining the annual budget for Administrative Expenses, incorporating the most recent estimate of Authorized Improvement Costs, and revising the Assessment Roll to reflect such updates. Any update to this Preliminary Service and Assessment Plan shall be referred to as an Annual Service Plan Update.

The annual projected debt service and Administrative Expenses are shown in Table V-2. The annual projected debt service and Administrative Expenses portion of the Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any changes expected for each year provided, however, that any Administrative Expenses charged as part of the Annual Installment shall not exceed the amount set forth in

the Assessment Roll without compliance with the provisions of Section 372.016 and 372.017 of the PID Act.

Table V-2: 5-Year Summary

Fiscal Year Ending	Principal	Interest	Capitalized Interest	Additional Interest	Administrative Expenses	Annual Assessment Installment
2025	\$0	\$369,688	(\$158,438)	\$16,250	\$30,000	\$257,500
2026	\$80,000	\$422,500	\$0	\$16,250	\$30,600	\$549,350
2027	\$85,000	\$417,300	\$0	\$16,050	\$31,212	\$549,562
2028	\$90,000	\$411,775	\$0	\$15,838	\$31,836	\$549,449
2029	\$100,000	\$405,925	\$0	\$15,613	\$32,473	\$554,010
TOTAL	\$355,000	\$2,027,188	(\$158,438)	\$80,000	\$156,121	\$2,459,871

***Note:** Numbers may not sum due to rounding. The projected Annual Installments are based on the interest rate on the PID Bonds, a 29-year term of the Assessments, Additional Interest component equal to 0.25% of outstanding principal portion of the Assessment, and initial annual administrative expenses of \$30,000 in FY 2024-25 and increasing at 2.0% per year thereafter. Administrative Expenses for the first year will be funded through the initial deposit at bond closing.

The projected annual costs shown in **Table V-3** are the annual expenditures relating to the Authorized Improvements, the costs associated with setting up the PID, and the costs of issuance, including reserves.

Table V-3: Annual Projected Costs and Indebtedness

Fiscal Year Ending	Projected Annual Costs of Authorized Improvements	Projected Annual Indebtedness
2025	\$5,195,388	\$369,688
2026	\$0	\$502,500
2027	\$0	\$502,300
2028	\$0	\$501,775
2029	\$0	\$505,925
TOTAL	\$5,195,388	\$2,382,188

VI ASSESSMENT PLAN

A Introduction

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property as a result of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited.

The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The proposed bond issuance program entails a single series of bond financings that are intended to finance the public infrastructure required for the development. This financing will necessarily be undertaken to coincide with the private investment and development of the Authorized Improvements.

The purpose of the issuance of bonds is to mirror the actual development of the Authorized Improvements. PID Bonds are most prudently and efficiently utilized when directly coinciding with construction of the public infrastructure needed for the private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before.

Additionally, the issuance of PID Bonds will maintain a prudent Value-to-Lien ("VTL") within the financing program. In order to maintain a prudent VTL, the issuance of bonds at the time of bond issuance may not fund all of the necessary Authorized Improvements because the property value is not high enough to support the entire debt load at the VTL chosen for the development. In the event that the VTL cannot support the full bond issuance, the City shall escrow a portion of the PID Bonds not supported by the overall VTL requirement until such time as the Developer can demonstrate that the overall VTL requirement has been obtained. The target VTL shall be outlined in the Development Agreement or Indenture, whichever governs, as amended.

The value-to-lien ratio in connection with the issuance of PID Bonds is estimated at 1.41, based on \$9,163,000 in the current District appraised value and \$6,500,000 in the PID Bonds. To comply with the mandated value-to-lien ratio of 2:1, only \$1,358,387 of \$5,195,387 earmarked for funding the Authorized Improvements will be available at the time of closing, with the remaining \$3,837,000 anticipated to be released after the completion of approximately 17 residential homes within the District. The City shall reserve the right to request supporting materials before authorizing the release of such funds, including an updated appraisal.

For purposes of this Preliminary Service and Assessment Plan, the City Council has determined that the costs of the Authorized Improvements shall be allocated on the basis of the size of the Lots and their estimated assessed value at Build-Out, and that such method of allocation will result in the imposition of equal shares of the costs of the improvements to Lots similarly benefited. At this time, the Assessed Property will be assessed for the special benefits conferred upon the property due to the Authorized Improvements.

This section of the SAP currently (i) describes the special benefit received by the Assessed Property as a result of the construction of the Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments to be levied on the Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Authorized Improvements to Assessed Property in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Assessed Property similarly benefited.

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

B Special Benefit

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in **Section IV(A)** of this Preliminary Service and Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment of the PID, shown in **Table V-1**, are authorized by the Act. These improvements are provided specifically for the benefit of the Assessed Property.

Each owner of Assessed Property at the time Assessments are levied on their property has acknowledged that the Authorized Improvements confer a special benefit on the property and has consented to the imposition of Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in his or her best interest in consenting to this apportionment and levying of Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements is equal to or greater than the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed

use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*The Appraisal of Real Estate, Fourteenth Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Owner has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property for single-family residential units as described in **Section III** of this Preliminary Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

Each Owner of Assessed Property will ratify, confirm, accept, agree to, and approve: (i) the determinations and findings by the City Council and Administrator as to the special benefits described in this Preliminary Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property.

The use of Assessed Property as described in this Preliminary Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial and cost-effective means of doing so. The Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, and provide a special benefit to the Assessed Property;
2. The special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C Assessment Methodology

The estimated costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the property by the Authorized Improvements equals or exceeds the Assessments. The estimated costs of

the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the costs on Assessed Property similarly benefited.

C.1 Assessment Methodology for Authorized Improvements

For purpose of this SAP, the City Council has determined that the estimated costs of the Authorized Improvements, shall be allocated entirely to the Assessed Property. As reflected in **Table VI-1**, the entire Assessment is spread across the Lot Types based on their respective estimated assessed value at Build-out and number of Lots anticipated to be developed within such Lot Type. Authorized Improvements are to be financed in part with the proceeds of the PID Bonds.

Based on the estimated costs for the Authorized Improvements provided by the Developer, the City Council has determined that the benefit to the Assessed Property from the Authorized Improvements is at least equal to the Assessments levied on the Assessed Property.

The Assessment and Annual Installments for Assessed Property are shown on the Assessment Roll, attached as **Appendix A**, and no Assessment shall be changed except as authorized by this SAP or the PID Act.

Table VI-1: Assessment Allocations by Lot Type

Lot type	# of Lots	Estimated Assessed Value Per Home	Estimated Assessed Value at Buildout	Assessment Allocation
50'-wide Lot	140	\$295,000	\$41,300,000	100.00%
Total	140	N/A	\$41,300,000	100.00%

***Note:** Value estimates provided by the Developer. Final sale price of homes may vary.

D Assessments Allocation

The Assessments for the PID Bonds will be levied on the Assessed Property according to the Assessment Roll, attached hereto as **Appendix A**. The Annual Installments for the PID Bonds will be collected at the time and in the amounts shown on the respective Assessment Roll, subject to any revisions made during an Annual Service Plan Update.

Although the actual unit counts and Build-out values may vary from the estimates shown below, the initial assessment allocation for each Lot Type as set forth will not change, except as authorized by this SAP or the PID Act, and any adjustments to unit counts or Build-out values resulting in an assessment that exceeds the Assessment for the Lot Type as set forth in this SAP shall require a Mandatory Prepayment as outlined in **Section VII.C**.

The total Assessment is set forth below in **Table VI-2**.

Table VI-2: Assessments Per Lot

Lot type	# of Lots	Estimated Assessed Value Per Home	Estimated Assessed Value at Buildout	Assessment Allocation	Total Assessment Principal	Average Annual Installment	PID Tax Rate	Total Tax Rate
50'-wide Lot	140	\$295,000	\$41,300,000	100.00%	\$6,500,000	\$3,967.07	1.3448	3.0197
Total	140	N/A	\$41,300,000	100.00%	\$6,500,000	N/A	N/A	N/A

E Administrative Expenses

The Administrative Expense portion of the Assessment shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The Administrative Expenses shall be collected as part of the Annual Installments in the amounts shown on the Assessment Rolls shown on **Appendix A**. Administrative Expenses do not include payment of the actual principal of and interest on the PID Bonds or any costs which constitute expenses payable as an expense of issuing the PID Bonds. Administrative Expenses commence upon the levy of the Assessments and terminate upon the payment on the final installment of the Assessments. The initial payment of Administrative Expenses may be paid from the proceeds of the PID Bonds issued. The Administrative Expenses may be revised, based on actual costs incurred, in Annual Service Plan Updates, as shown on **Table V-1**.

F Delinquency and Prepayment Reserve

Pursuant to the PID Act, the interest rate for Assessments securing PID Bonds may exceed the actual interest rate per annum paid on the related PID Bonds by no more than 0.50%. The interest rate used to determine the interest rate on the Assessments is 0.25% per annum higher than the actual rate paid on the PID Bonds (the "Additional Interest"). Additional Interest shall be collected as part of each Annual Installment as set forth on the Assessment Roll. Under the Indenture, Additional Interest shall ultimately be deposited into a reserve account pursuant to the Indenture (the "Delinquency and Prepayment Reserve Account") such that the balance in the Delinquency and Prepayment Reserve Account equals a percentage of the outstanding principal balance of the PID Bonds (the "Delinquency and Prepayment Reserve Requirement") determined by the Indenture, and shall then be deposited as set forth in the Indenture. The Delinquency and Prepayment Reserve Account shall be used to pay Prepayment Costs, Delinquent Collection Costs, or to cover any deficiencies in the funds available to pay debt service on the PID Bonds, all as set forth in the Indenture. If the Delinquency and Prepayment Reserve Account contains the Delinquency and Prepayment Reserve Requirement, the Additional Interest will be allocated for the additional purposes set forth in the PID Bond Indenture.

VII TERMS

A Amount of Assessments and Annual Installments for Assessed Property Located within the PID

A.1 Assessed Property

The Assessment and Annual Installments for Assessed Property located within the PID are presented in **Appendix A**. No Assessment shall be changed except as authorized in an Annual Service Plan Update and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay the (i) annual principal amount due on the Assessments, (ii) annual interest amount due on the Assessments including the Additional Interest with respect to the PID Bonds, and (iii) Administrative Expenses.

B Reallocation of Assessments for Assessed Property located within the PID

B.1 Apportionment of Assessments Upon Consolidation of Assessed Properties

Subject to the limitations described herein and applicable law, upon the consolidation of two or more Assessed Properties, the Assessment for the consolidated Assessed Property shall be the sum of the Assessments for the Assessed Properties prior to consolidation.

B.2 Apportionment of Assessments Upon Division of Assessed Properties

In general, the sum of the Assessments for all newly subdivided Assessed Property shall equal the Assessment for the subdivided Assessed Property prior to subdivision. The Assessment initially applicable to each Assessed Property is equal to the Assessment that corresponds to the Lot Type for such Assessed Property; if an Assessed Property contains two or more Lots, the Assessment initially applicable is equal to the sum of the Assessments that correspond to the actual or proposed Lot Types for such Assessed Property. Similarly, if an Assessed Property is subsequently platted, subdivided, re-subdivided or re-platted, the Assessment applicable to each resulting new Lot shall be equal to the Assessment that corresponds to the actual or proposed Lot Type for such Assessed Property. However, the reallocation of an Assessment for an Assessed Property may not exceed the Assessment prior to the reallocation without a Mandatory Prepayment made pursuant to **Section VII(C)**. Any reallocation pursuant to this section shall be calculated by the Administrator and shall be reflected in an Annual Service Plan Update approved by the City. The reallocation of any Assessments as described herein shall be considered an administrative action and will not require any notice or public hearing, as defined in the PID Act, by the City.

B.3 Non-Benefited Property to Assessed Property

In the case it has been determined that a Non-Benefited Property shall be classified as an Assessed Property (i.e., it has been determined that the property now receives benefit from the Authorized Improvements), an Assessment shall be allocated against such Assessed Property in accordance with the methodology described in this Assessment Plan and in accordance with the provisions of the PID Act, and the Assessment Roll shall be amended in the next Annual Service Plan Update. Following City Council approval, the assessment will be allocated and the newly Assessed Property will be subject to the terms defined in Section VII(C) regarding Assessment excess.

C Mandatory Prepayment of Assessments

An owner of Assessed Property is required to (i) partially prepay any Assessment that exceeds the applicable Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Assessment for such Lot Type or shortfall and (ii) prepay any Assessment for Assessed Property transferred to a party that is exempt from the payment of the Assessments under applicable law or for which the owner causes all or portion thereof to become Non-Benefited Property, plus Prepayment Costs and any Delinquent Collection Costs, as described below (a "Mandatory Prepayment").

The Mandatory Prepayments required below shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this SAP, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

C.1 Assessment Excess

If at any time the Assessment on a Lot exceeds the original Assessment calculated for the Lot as set forth in the SAP as a result of any reallocation of an Assessment authorized by this SAP (including platting or re-platting) and initiated by the owner of the Lot, then following compliance with any applicable notice and hearing requirement of the PID Act (unless a waiver of such notice and hearing is obtained from the owner of the Lot) such owner shall pay to the City prior to the recordation of the document subdividing or re-subdividing the Lot the amount calculated by the Administrator by which the new Assessment for the Lot exceeds the original Assessment for the Lot.

C.2 Assessment Shortfall

If at any time the Assessment on a Lot is less than the original Assessment calculated for the Lot as a result of any reallocation of an Assessment authorized by this SAP (including platting or re-platting) and initiated by the owner of the Lot, then, such owner shall pay to the City prior to the recordation of the document subdividing or re-subdividing the Lot the amount calculated by the Administrator by which the new Assessment for the Lot is less than the original Assessment for the Lot.

C.3 Transfer of Assessed Property to Exempt Party and Conversion of Assessed Property to Non-Benefited Property

If an Assessed Property or portion thereof is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes an Assessed Property or portion thereof to become Non-Benefited Property, the owner of such Assessed Property or portion thereof shall pay to the City the full amount of the Assessment or portion thereof that is related to the transferred property, plus all Prepayment Costs and Delinquent Collection Costs, if applicable, for such Assessed Property or portion thereof prior to any such transfer or act.

D Reduction of Assessments

If as a result of cost savings or Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not be reduced to an amount less than the amount due on the related outstanding PID Bonds. The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

Similarly, if any of the Authorized Improvements to be funded with a series of PID Bonds are not undertaken resulting in excess bond proceeds, then the City may, in its discretion and in accordance with the applicable Indenture, reduce the Assessment for each Assessed Property securing such PID Bonds on a pro rata basis to reflect only the Actual Costs that were expended and deposit and apply such excess PID Bond proceeds as described in the paragraph above or as authorized in the Indenture.

E Payment of Assessments

E.1 Payment in Full

The Assessment for any Assessed Property may be paid in full or in part at any time. Such payment shall include all Prepayment Costs. If prepayment will result in redemption of PID Bonds, the payment amount shall be reduced by the amount, if any, of reserve funds applied to the redemption under the Indenture.

If an Annual Installment has been billed prior to payment of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

If an Assessment is paid in full: (i) the Administrator shall cause such Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (ii) the Administrator shall submit the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (iii) the obligation to pay such Assessment and corresponding Annual Installments shall terminate; and (iv) the City shall provide the Owner with a recordable notice that the lien on such Assessed Property has been released by the City. If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

If an Assessment is prepaid in part: (i) the Administrator shall cause such Assessment to be reduced by the amount of such partial prepayment in a manner conforming to the provisions of the Indenture and the Assessment Roll revised accordingly; (ii) the Administrator shall submit the revised Assessment Roll reflecting such partial prepayment to be approved by the City Council as part of the next Annual Service Plan Update; and (iii) the obligation to pay such Assessment and corresponding Annual Installments shall be reduced to the extent the partial payment is made.

E.2 Payment in Annual Installments

The PID Act provides that an Assessment for any Assessed Property may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect principal, interest, Additional Interest, and Administrative Expenses in installments. An Assessment for Assessed Property that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated and provided for herein. Payment of the Annual Installments shall commence with tax bills mailed in 2024 and shall be delinquent if not paid prior to February 1, 2025.

The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of the (i) annual principal amount due on the Assessments, (ii) annual interest amount due on the Assessments including the Additional Interest with respect to the PID Bonds, and (iii) Administrative Expense. The Annual Installments may not exceed the amounts shown on the Assessment Rolls in **Appendix A** as of the date the respective Assessments are levied.

The Annual Installments shown on the Assessment Roll shall be adjusted to equal the Actual Costs of repaying the PID Bonds, including Additional Interest and Administrative Expenses. In addition, the City may adopt additional Assessment Roll(s) relating to the Authorized Improvements within the PID and the issuance of future PID Bonds.

The City reserves and shall have the right and option to refund PID Bonds in accordance with the PID Act and/or Chapter 1207, Texas Government Code, as amended, and the Indenture related to such Bonds. In the event of issuance of refunding bonds, the Administrator shall recalculate the Annual Installments, and if

necessary, may adjust, or decrease, the amount of the Annual Installment so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the debt service on the refunding bonds when due and payable as required by and established in the ordinance and/or the Indenture authorizing and securing the refunding bonds plus interest generated from the Additional Interest rate, and such refunding bonds shall constitute "PID Bonds" for purposes of the SAP.

F Collection of Annual Installments

The Administrator shall, no less frequently than annually, prepare and submit to the City Council for its approval 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 Assessed Property. Administrative Expenses shall be allocated on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. Each Annual Installment shall be reduced by any credits applied under the Indenture, such as interest earnings on any account balances, and any other funds available under the applicable Indenture for such purpose. Annual Installments may be collected by the City (or such entity to whom the City directs) in the same manner and at the same time as *ad valorem* taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as *ad valorem* taxes for the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually and each Annual Installment shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments shall be due when billed in 2024 and will be delinquent if not paid prior to February 1, 2025.

The City or County Tax Assessor/Collector or another collection entity engaged by the City will invoice each owner of property for the Annual Installment payment at approximately the same time as the County's annual property tax bill, and the Annual Installments shall be due and payable, and incur penalty and interest for unpaid Annual Installments in the same manner as provided for property taxes. Thereafter, subsequent Annual Installments shall be due in the same manner in each succeeding calendar year until the Assessment, together with interest, Additional Interest, and Administrative Expenses as provided in this SAP, has been paid in full.

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

The Assessments, with interest and Administrative Expenses, are personal liability of charges against the owners of the property. The lien is effective from the date of the ordinance or order levying the assessment and lasts until the assessment is paid. Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments 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 Annual Installments against such property as they become due and payable.

VIII ASSESSMENTS

A Assessment

As described by this SAP, Assessed Property will be assessed for the special benefits conferred upon the property as a result the Authorized Improvements. **Table VIII-1** summarizes the \$7,799,926 in special benefit received by Assessed Property as a result of the Authorized Improvements and the PID formation and bond issuance costs.

Table VIII-1: Special Benefit Summary

Public Improvement	Improvement Costs
Total Authorized Improvements	\$6,495,313
Costs of Issuance	\$415,000
Underwriter's Discount	\$195,000
Capitalized Interest	\$158,438
Reserve Fund Deposit	\$506,175
Administrative Expenses	\$30,000
Total Special Benefit	\$7,799,926
Total Assessment	\$6,500,000
Excess Benefit	\$1,299,926

B Annual Assessment Roll Updates

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel and Lot; (ii) the Assessment for each Lot of Assessed Property, including any adjustments authorized by this Preliminary Service and Assessment Plan and the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided in **Section VI** of this Preliminary Service and Assessment Plan. The Annual Service Plan Update shall reflect the actual interest on the PID Bonds on which the Annual Installments shall be paid plus Additional Interest, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the PID Bonds and Developer funds.

IX MISCELLANEOUS PROVISIONS

A Administrative Review

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

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

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

B Termination of Assessments

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable Notice of the PID Assessment Termination.

C Amendments

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Preliminary Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Delinquent Collection Costs, and other charges imposed by the Service and Assessment Plan.

D Administration and Interpretation of Provisions

The City Council shall administer the PID, this Preliminary Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Preliminary Service and Assessment Plan unless stated otherwise herein or in the Indenture. Such determinations shall be final, binding, and conclusive.

E Severability

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

If any provision of this Preliminary Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Preliminary Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

F Buyer Disclosure

The PID Act requires that this Preliminary Service and Assessment Plan and each Annual Service Plan Update include a copy of the notice form required by Section 5.014 of the Texas Property Code. The buyer disclosure is attached hereto as **Appendix B** and may be updated in an Annual Service Plan Update.

APPENDIX A

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



ASSESSMENT ROLL

Appendix A
The Reserves Public Improvement District
Assessment Roll

Assessment by Parcel ID and Phase

Parcel ID	Owner¹	Total Lots	Outstanding PID Assessment Principal
11372	PHD HUNTSVILLE 34 LP	140	\$6,500,000.00
Total		140	\$6,500,000.00

¹Ownership data according to Walker CAD, as of March 20, 2024.

Total Amortization								
FY Ending	Principal	Interest	CAP I	Debt Service	Prepay Reserve	DQ Reserve	Admin	Total Installment
2025	\$0.00	\$369,687.50	(\$158,437.50)	\$211,250.00	\$6,500.00	\$9,750.00	\$30,000.00	\$257,500.00
2026	\$80,000.00	\$422,500.00	\$0.00	\$502,500.00	\$6,500.00	\$9,750.00	\$30,600.00	\$549,350.00
2027	\$85,000.00	\$417,300.00	\$0.00	\$502,300.00	\$6,420.00	\$9,630.00	\$31,212.00	\$549,562.00
2028	\$90,000.00	\$411,775.00	\$0.00	\$501,775.00	\$6,335.00	\$9,502.50	\$31,836.24	\$549,448.74
2029	\$100,000.00	\$405,925.00	\$0.00	\$505,925.00	\$6,245.00	\$9,367.50	\$32,472.96	\$554,010.46
2030	\$105,000.00	\$399,425.00	\$0.00	\$504,425.00	\$6,145.00	\$9,217.50	\$33,122.42	\$552,909.92
2031	\$110,000.00	\$392,600.00	\$0.00	\$502,600.00	\$6,040.00	\$9,060.00	\$33,784.87	\$551,484.87
2032	\$120,000.00	\$385,450.00	\$0.00	\$505,450.00	\$5,930.00	\$8,895.00	\$34,460.57	\$554,735.57
2033	\$125,000.00	\$377,650.00	\$0.00	\$502,650.00	\$5,810.00	\$8,715.00	\$35,149.78	\$552,324.78
2034	\$135,000.00	\$369,525.00	\$0.00	\$504,525.00	\$5,685.00	\$8,527.50	\$35,852.78	\$554,590.28
2035	\$145,000.00	\$360,750.00	\$0.00	\$505,750.00	\$5,550.00	\$8,325.00	\$36,569.84	\$556,194.84
2036	\$150,000.00	\$351,325.00	\$0.00	\$501,325.00	\$5,405.00	\$8,107.50	\$37,301.24	\$552,138.74
2037	\$160,000.00	\$341,575.00	\$0.00	\$501,575.00	\$5,255.00	\$7,882.50	\$38,047.26	\$552,759.76
2038	\$175,000.00	\$331,175.00	\$0.00	\$506,175.00	\$5,095.00	\$7,642.50	\$38,808.21	\$557,720.71
2039	\$185,000.00	\$319,800.00	\$0.00	\$504,800.00	\$4,920.00	\$7,380.00	\$39,584.37	\$556,684.37
2040	\$195,000.00	\$307,775.00	\$0.00	\$502,775.00	\$4,735.00	\$7,102.50	\$40,376.06	\$554,988.56
2041	\$210,000.00	\$295,100.00	\$0.00	\$505,100.00	\$4,540.00	\$6,810.00	\$41,183.58	\$557,633.58
2042	\$220,000.00	\$281,450.00	\$0.00	\$501,450.00	\$4,330.00	\$6,495.00	\$42,007.25	\$554,282.25
2043	\$235,000.00	\$267,150.00	\$0.00	\$502,150.00	\$4,110.00	\$6,165.00	\$42,847.40	\$555,272.40
2044	\$250,000.00	\$251,875.00	\$0.00	\$501,875.00	\$3,875.00	\$5,812.50	\$43,704.35	\$555,266.85
2045	\$270,000.00	\$235,625.00	\$0.00	\$505,625.00	\$3,625.00	\$5,437.50	\$44,578.44	\$559,265.94
2046	\$285,000.00	\$218,075.00	\$0.00	\$503,075.00	\$3,355.00	\$5,032.50	\$45,470.01	\$556,932.51
2047	\$305,000.00	\$199,550.00	\$0.00	\$504,550.00	\$3,070.00	\$4,605.00	\$46,379.41	\$558,604.41
2048	\$325,000.00	\$179,725.00	\$0.00	\$504,725.00	\$2,765.00	\$4,147.50	\$47,307.00	\$558,944.50
2049	\$345,000.00	\$158,600.00	\$0.00	\$503,600.00	\$2,440.00	\$3,660.00	\$48,253.14	\$557,953.14
2050	\$370,000.00	\$136,175.00	\$0.00	\$506,175.00	\$2,095.00	\$3,142.50	\$49,218.20	\$560,630.70
2051	\$390,000.00	\$112,125.00	\$0.00	\$502,125.00	\$1,725.00	\$2,587.50	\$50,202.56	\$556,640.06
2052	\$415,000.00	\$86,775.00	\$0.00	\$501,775.00	\$1,335.00	\$2,002.50	\$51,206.61	\$556,319.11
2053	\$445,000.00	\$59,800.00	\$0.00	\$504,800.00	\$920.00	\$1,380.00	\$52,230.74	\$559,330.74
2054	\$475,000.00	\$30,875.00	\$0.00	\$505,875.00	\$475.00	\$712.50	\$53,275.35	\$560,337.85
	\$6,500,000.00	\$8,477,137.50	(\$158,437.50)	\$14,818,700.00	\$131,230.00	\$196,845.00	\$1,217,042.64	\$16,363,817.64

Note: First year administrative expenses to be funded through funds deposited at bond closing.

Amortization, Single Lot								
Tax Year	Principal	Interest	CAP I	Debt Service	Prepay Reserve	DQ Reserve	Admin	Total Installment
2025	\$0.00	\$2,640.63	(\$1,131.70)	\$1,508.93	\$46.43	\$69.64	\$214.29	\$1,839.29
2026	\$571.43	\$3,017.86	\$0.00	\$3,589.29	\$46.43	\$69.64	\$218.57	\$3,923.93
2027	\$607.14	\$2,980.71	\$0.00	\$3,587.86	\$45.86	\$68.79	\$222.94	\$3,925.44
2028	\$642.86	\$2,941.25	\$0.00	\$3,584.11	\$45.25	\$67.88	\$227.40	\$3,924.63
2029	\$714.29	\$2,899.46	\$0.00	\$3,613.75	\$44.61	\$66.91	\$231.95	\$3,957.22
2030	\$750.00	\$2,853.04	\$0.00	\$3,603.04	\$43.89	\$65.84	\$236.59	\$3,949.36
2031	\$785.71	\$2,804.29	\$0.00	\$3,590.00	\$43.14	\$64.71	\$241.32	\$3,939.18
2032	\$857.14	\$2,753.21	\$0.00	\$3,610.36	\$42.36	\$63.54	\$246.15	\$3,962.40
2033	\$892.86	\$2,697.50	\$0.00	\$3,590.36	\$41.50	\$62.25	\$251.07	\$3,945.18
2034	\$964.29	\$2,639.46	\$0.00	\$3,603.75	\$40.61	\$60.91	\$256.09	\$3,961.36
2035	\$1,035.71	\$2,576.79	\$0.00	\$3,612.50	\$39.64	\$59.46	\$261.21	\$3,972.82
2036	\$1,071.43	\$2,509.46	\$0.00	\$3,580.89	\$38.61	\$57.91	\$266.44	\$3,943.85
2037	\$1,142.86	\$2,439.82	\$0.00	\$3,582.68	\$37.54	\$56.30	\$271.77	\$3,948.28
2038	\$1,250.00	\$2,365.54	\$0.00	\$3,615.54	\$36.39	\$54.59	\$277.20	\$3,983.72
2039	\$1,321.43	\$2,284.29	\$0.00	\$3,605.71	\$35.14	\$52.71	\$282.75	\$3,976.32
2040	\$1,392.86	\$2,198.39	\$0.00	\$3,591.25	\$33.82	\$50.73	\$288.40	\$3,964.20
2041	\$1,500.00	\$2,107.86	\$0.00	\$3,607.86	\$32.43	\$48.64	\$294.17	\$3,983.10
2042	\$1,571.43	\$2,010.36	\$0.00	\$3,581.79	\$30.93	\$46.39	\$300.05	\$3,959.16
2043	\$1,678.57	\$1,908.21	\$0.00	\$3,586.79	\$29.36	\$44.04	\$306.05	\$3,966.23
2044	\$1,785.71	\$1,799.11	\$0.00	\$3,584.82	\$27.68	\$41.52	\$312.17	\$3,966.19
2045	\$1,928.57	\$1,683.04	\$0.00	\$3,611.61	\$25.89	\$38.84	\$318.42	\$3,994.76
2046	\$2,035.71	\$1,557.68	\$0.00	\$3,593.39	\$23.96	\$35.95	\$324.79	\$3,978.09
2047	\$2,178.57	\$1,425.36	\$0.00	\$3,603.93	\$21.93	\$32.89	\$331.28	\$3,990.03
2048	\$2,321.43	\$1,283.75	\$0.00	\$3,605.18	\$19.75	\$29.63	\$337.91	\$3,992.46
2049	\$2,464.29	\$1,132.86	\$0.00	\$3,597.14	\$17.43	\$26.14	\$344.67	\$3,985.38
2050	\$2,642.86	\$972.68	\$0.00	\$3,615.54	\$14.96	\$22.45	\$351.56	\$4,004.51
2051	\$2,785.71	\$800.89	\$0.00	\$3,586.61	\$12.32	\$18.48	\$358.59	\$3,976.00
2052	\$2,964.29	\$619.82	\$0.00	\$3,584.11	\$9.54	\$14.30	\$365.76	\$3,973.71
2053	\$3,178.57	\$427.14	\$0.00	\$3,605.71	\$6.57	\$9.86	\$373.08	\$3,995.22
2054	\$3,392.86	\$220.54	\$0.00	\$3,613.39	\$3.39	\$5.09	\$380.54	\$4,002.41
Total	\$46,428.58	\$60,551.00	(\$1,131.70)	\$105,847.89	\$937.36	\$1,406.03	\$8,693.18	\$116,884.43

Note: First year administrative expenses to be funded through funds deposited at bond closing.

APPENDIX B

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



BUYER DISCLOSURE FORM

**Texas Property Code Section 5.014(A) Notice
(Required Before Contract Execution)**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

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

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

This Notice requirement does not apply to a transfer:

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

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

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

**Texas Property Code Section 5.014(A) Notice
(Required Before Contract Execution)**

NOTICE OF OBLIGATION TO PAY
PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO HUNTSVILLE, TEXAS
THE RESERVES PUBLIC IMPROVEMENT DISTRICT

CONCERNING THE FOLLOWING PROPERTY

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

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

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

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

**Texas Property Code Section 5.014(A) Notice
(Required Before Contract Execution)**

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

Buyer (Print Name)	Signature	Date
--------------------	-----------	------

Buyer (Print Name)	Signature	
--------------------	-----------	--

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

Seller (Print Name)	Signature	Date
---------------------	-----------	------

Seller (Print Name)	Signature	Date
---------------------	-----------	------

**Texas Property Code Section 5.0143 Notice
(Required At Closing And Must Be Recorded In Walker County Deed Of Records)**

AFTER RECORDING RETURN TO:

NOTICE OF OBLIGATION TO PAY
PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO HUNTSVILLE, TEXAS
THE RESERVES PUBLIC IMPROVEMENT DISTRICT

CONCERNING THE FOLLOWING PROPERTY

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

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

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

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

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

Texas Property Code Section 5.0143 Notice
(Required At Closing And Must Be Recorded In Walker County Deed Of Records)

Buyer (Print Name)	Signature	Date
--------------------	-----------	------

Buyer (Print Name)	Signature	
--------------------	-----------	--

STATE OF TEXAS §
 §
COUNTY OF _____ §

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

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

Notary Public, State of Texas

Texas Property Code Section 5.0143 Notice
(Required At Closing And Must Be Recorded In Walker County Deed Of Records)

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

Seller (Print Name)	Signature	Date
---------------------	-----------	------

Seller (Print Name)	Signature	
---------------------	-----------	--

STATE OF TEXAS §
 §
COUNTY OF _____ §

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

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

Notary Public, State of Texas

APPENDIX C

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



PID BOUNDARIES AND LEGAL DESCRIPTION

Metes-and-Bounds Description of The Property

H.E. McADAMS & SON SURVEYING, INC.

Registered Professional Land Surveyors

P.O. Box 5047, Huntsville, Texas

77342TBPELS Firm No.

10194425

THE STATE OF TEXAS §

COUNTY OF WALKER §

I, Harold E. McAdams, Registered Professional Land Surveyor No. 2005, do hereby state that the following field notes represent a survey made on the ground of the following described tractor parcel of land located in Walker County, Texas. Coordinates, bearings, distances, and areas surveyed herein are Grid N.A.D. 1983 (1993), Texas Central Zone referenced to the City of Huntsville Mapping Control Network and is based on the position of Control Point 7187 having published coordinates of N= 10,256,115.190 feet, E= 3,786,890.283 feet, and G.P.S. observations. Distances herein may be converted to Geodetic Horizontal (surface) by dividing by a Combined Scale Factor of 0.99988.

Being 33.22 acres of land, situated in the City of Huntsville, LEWIS COX LEAGUE, Abstract No. 13, Walker County, Texas, and being part of a called 33.49-acre tract described as 28.31 acre and 10.05-acre tracts save and except 3.74 acre and 1.13-acre tracts in a Deed from James B. Hall Trust to James L. Hall Trust, et al dated October 25, 2016, and recorded in Volume 1259, page 633, Official Public Records of Walker County, Texas, said 33.22 acres being more definitely described as follows:

BEGINNING at the northwest corner of said Hall Trust 33.49 acres and the northeast corner of a called 251.78-acre tract (51% interest) described as Tract II in a Deed from Thomas Carroll Cole, Jr., et al to Thomas Carroll Cole, Jr. and Jan Carroll Cole dated April 16, 1987, and recorded in Volume 42, page 5, Official Public Records, same 251.78-acre tract being described as 49% interest in a Deed: from Margaret Thomason Cole to Thomas Carroll Cole, Jr. and Jan Carroll Cole dated April 23, 1987, and recorded in Volume 42, page 9, Official Public Records in a south line of a called 515-acre tract described in a Deed from Ed. H. Cunningham, et al to John Ireland, Governor of the State of Texas and his successors (now being T.D.C.J. Institutional Division "Wynne Farm") dated June 23, 1883, and recorded in Volume Y, page 181, Deed Records of Walker County, set a 5/8" iron rod

with yellow plastic cap stamped "H.E. McAdams RPLS 2005" having coordinates of N= 10,257,920.90 feet and E= 3,787,525.41 feet for corner from which a 3" diameter concrete monument found bears N 01°24'48"W- 1.44 feet and a 4"x4" concrete monument stamped "TPL" found for a southwest corner of said the State of Texas 515 acres bears S 87°26'52" W- 1215.30 feet;

THENCE N 87°26'52"E, with the common boundary of said Hall Trust 33.49 acre and State of Texas 515 acre tracts, at 782.26 feet pass the common corner of said 28.31 and 10.05 acre tracts, from the said point found a 3" diameter concrete monument S 01°39'E- 1.20 feet, continuing a total distance of 1107.25 feet to the northeast corner of said Hall Trust 33.49 acres and the northwest corner of a called 34.499-acre tract described in a Deed from Thomason Family Trust to Amstad Development, LLC dated June 14, 2018, and recorded in Volume 1331, page 683, Official Public Records, a point for corner from which found a 5/8" iron rod with plastic cap stamped "Johnson Incorporate" S 01°54'40" E- 0.79 feet and a concrete monument with broken top bears N 87°26'52" E- 1761.56 feet;

THENCE S 01°54'40"E, with the common boundary of said Hall Trust 33.49 acre and Amstad Development 34.499 acre tracts, a distance of 1163.19 feet to their common corner and then northeast corner of a called 3.74-acre tract (out said 33.49 acres) awarded to the State of Texas described in an Agreed Judgment styled The State of Texas v James L. Hall Trustee, et al dated April 28, 2008, and recorded in Volume 873, page 74, Official Public Records in a northwest right-of-way line of State Highway No. 30, found a 3.5" diameter Texas Department of Transportation (hereinafter referred to as TXDOT) concrete monument with brass disc stamped "850+02.40" for corner;

THENCE S 76°19'15"W, with the southeast line of said Hall Trust and the northwest right- of-way line of State Highway 30, a distance of 326.22 feet to an angle point in said line, found a 3.5" diameter TXDOT concrete monument with brass disc stamped "846+86.00";

THENCE S 71°15'07"W, continuing with the southeast line of said Hall Trust and the northwest right-of-way line of State Highway 30, at 512.12 feet pass a 3.5" diameter TXDOT concrete monument with brass disc stamped "841+90.93" found for reference, continuing a total distance of 836.35 feet to the southwest corner of said Hall Trust 33.49 acres and the southeast corner of said Cole 251.78 acre tract, found a 3.5" diameter TXDOT concrete monument with brass disc stamped "838+68.58" for corner;

THENCE N 01°24'48"W, with the common boundary of said Hall Trust and Cole tracts, a distance of 1459.64 feet to the POINT OF BEGINNING.

APPENDIX D

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



LOT TYPE MAP



LOT SF		LOTS	
TOTALS	SF	140	
	5750+	45	32%
	5750	95	68%
RANGE	5750	17558	
AVERAGE	6404		

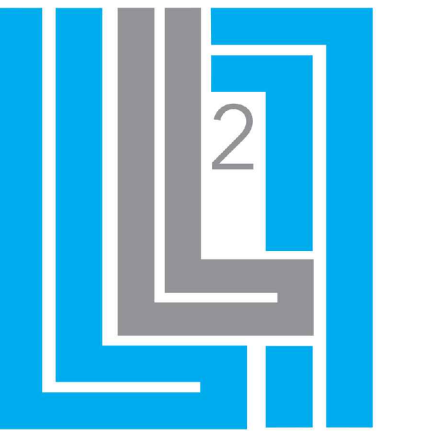
DRAWING ISSUE			
#	DATE	BY	* COMMENT
0	7/21/22	RHM	FOR REVIEW ONLY

DRAWING INFORMATION			
PROJECT	10755	TDLR	**
DRAWN	RHM	EIT	JP
SCALE		SHEET	
1" = 100' (24x36)			
1" = 200' (11x17)			

THIS DOCUMENT IS RELEASED FOR
THE PURPOSE OF INTERIM REVIEW
UNDER THE AUTHORITY OF:

E. LEVI LOVE, PE #99340
OR
JONATHAN WHITE, PE #127058

FOR REVIEW PURPOSES ONLY
NOT FOR CONSTRUCTION



L SQUARED ENGINEERING
MUNICIPAL COMMERCIAL RESIDENTIAL
WWW.L2ENGINEERING.COM
FIRM REGISTRATION NUMBER 11235
3307 W. DAVIS STREET #100
CONROE, TEXAS 77304
OFFICE: 936-647-0420
21123 EVA STREET #200
MONTGOMERY, TEXAS 77356

CLIENT INFORMATION
BTR ADVISORS, LLC
PAUL GARZA
26207 PARK IVY LANE
KATY, TX 77494

PROJECT ADDRESS
3400 SH 30
HUNTSVILLE, TX 77340

THE RESERVE AT HUNTSVILLE

LOT FITMENT LAYOUT



www.FinanceDTA.com

8117 PRESTON ROAD, SUITE 300
DALLAS, TX 75225
PHONE: (800) 969-4DTA

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 2.d.

Agenda Item: Consider Resolution 2024-20, approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum (PLOM) for the City of Huntsville, Texas Special Assessment Revenue Bonds, Series 2024 for the Reserves of Huntsville Public Improvement District.

Initiating Department/Presenter: Development Services

Presenter:

Kevin Byal, Director of Development Services

Recommended Motion: Move to approve resolution 2024-20, approving the form and authorizing the distribution of a Preliminary Limited Offering Memorandum (PLOM) for the City of Huntsville, Texas Special Assessment Revenue Bonds, Series 2024 for the Reserves of Huntsville Public Improvement District.

Strategic Initiative: Strategic Priority #2, Economic Development - Create an economic climate for the City of Huntsville that drives development of diverse industries and sectors, providing sustainable economic growth and improved living standards.

Discussion: At the August 16, 2022, City Council meeting, City Council approved Resolution 2022-23, a resolution creating "The Reserves of Huntsville" Public Improvement District (PID) and also authorized the City Manager to enter into a development agreement with the developer.

The Reserves of Huntsville is a single-family residential development having approximately 140 single family home lots and includes the first Public Improvement District (PID) in Huntsville. The PID is created as a funding mechanism to reimburse the developer for the construction of authorized public improvements that serve the residence of the PID.

This item authorizes the distribution of a Preliminary Limited Offering Memorandum (PLOM) for the issuance of PID Bonds in the amount of \$6.5 million for the reimbursement of certain costs for the construction of public improvements within the PID.

A Preliminary Limited Offering Memorandum (PLOM) is a document used in the initial stages of offering securities, such as bonds, to a limited group of investors. When related to Texas statutes, this document must comply with both federal securities laws and relevant state regulations, ensuring transparency and protection for potential investors.

In Texas, the issuance of bonds or other securities often falls under the oversight of the Texas Public Finance Authority (TPFA) or other similar entities, and the PLOM plays a key role in this process. The purpose of the PLOM is to provide potential investors with material information about the securities being offered, the issuing entity, and the project's purpose.

The following is a breakdown of a PLOM's key elements within the framework of Texas law:

1. Legal Authorization: The memorandum will describe the legal framework under which the bonds are issued, including the specific Texas statutes that authorize the sale of these securities. For example, it may cite sections of the Texas Government Code that empower local entities like cities, counties, or special districts to issue bonds for public projects like infrastructure, utilities, or transportation.
2. Issuer Information: The document will include details about the City of Huntsville as the issuer of the bonds. Texas law requires issuers to disclose financial data and legal obligations that give investors a clear picture of the creditworthiness of the issuer.
3. Use of Proceeds: The PLOM must outline how the funds raised from the bond issuance will be used. This bond is issued for the purpose of reimbursing the developer of the Reserves of Huntsville for qualified public improvements.
4. Risk Factors: Investors must be informed of any risks associated with purchasing the securities. Under Texas law, the PLOM will highlight factors like the City's financial stability, potential legal challenges, or changes in state or federal laws that could impact the project.
5. Disclosure Requirements: Compliance with the Texas Securities Act and other federal securities laws is critical. This ensures that all material facts are disclosed, and there is no misrepresentation that could mislead investors.

In conclusion, a Preliminary Limited Offering Memorandum related to Texas statutes provides a comprehensive, legally compliant overview of a securities offering. It ensures that all parties, from issuers to investors, understand their obligations, risks, and the legal environment governing the transaction.

Accompanying the PLOM are the following appendices.

- APPENDIX A General Information Regarding the City and the Surrounding Area
- APPENDIX B Form of Indenture
- APPENDIX C Service and Assessment Plan
- APPENDIX D Form of Opinion of Bond Counsel
- APPENDIX E-1 Form of Disclosure Agreement of Issuer
- APPENDIX E-2 Form of Disclosure Agreement of Developer
- APPENDIX F Appraisal

It is not required to include the appendices here and due to the magnitude of the document, the appendices have not been included in the packet but can be made available if requested.

Previous Council Action: December 21, 2021 – City Council voted to approve the concept of creating a Public Improvement District for this specific project.

February 1, 2022 – City Council approved resolution 2022-5 setting a public hearing date to solicit public input concerning the creation of Public Improvement District (PID) No. 1 for the Reserves of Huntsville.

March 1, 2022 – City Council held a public hearing giving the public an opportunity to comment on the creation of the proposed PID.

August 16, 2022 – City Council approved Resolution 2022-23, a resolution creating "The Reserves of Huntsville" Public Improvement District (PID) in accordance with Chapter 372 of the Texas Local Government Code as amended, to create a public improvement district within the corporate limits of Huntsville and authorized the City Manager to enter into a development agreement with the developer.

May 7, 2024 - City Council authorized the City Manager to enter into a reimbursement agreement with the developer.

Financial Implications: The \$6.5 million bond will be reimbursed through assessments on each lot within the PID boundaries. The financial impact of any action the Council considers will be included in the PID assessment.

Approvals:

Kevin Byal
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. Resolution_2024-20 PLOM 09.03.2024
2. 39780332_15_Reserves of Huntsville - PLOM - (FINAL)

CITY OF HUNTSVILLE, TEXAS

RESOLUTION NO. 2024-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF HUNTSVILLE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (THE RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT)"

WHEREAS, this City Council (the "Council") of the City of Huntsville, Texas (the "City") has adopted a resolution authorizing the creation of The Reserves of Huntsville Public Improvement District (the "District"); and

WHEREAS, this Council intends to issue "City of Huntsville, Texas Special Assessment Revenue Bonds, Series 2024 (The Reserves of Huntsville Public Improvement District) (the "Bonds")", to fund public improvements within the District; and

WHEREAS, there has been presented to this Council a Preliminary Limited Offering Memorandum relating to the Bonds (the "Preliminary Limited Offering Memorandum"); and

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

WHEREAS, the Council finds that the passage of this Resolution is in the best interest of the citizens of the City;

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

SECTION 1: That all matters stated in the Recitals hereinabove are found to be true and correct and are incorporated herein by reference as if copied in their entirety.

SECTION 2: That this Council hereby approves the form and content of the Preliminary Limited Offering Memorandum and deems the Preliminary Limited Offering Memorandum final, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, with such changes, addenda, supplements or amendments as may be approved by the City Manager. The City

hereby authorizes the Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

SECTION 3: If any portion of this Resolution shall, for any reason, be declared invalid by any court of competent jurisdiction, such invalidity shall not affect the remaining provisions hereof and the Council hereby determines that it would have adopted this Resolution without the invalid provision.

SECTION 4: That this Resolution shall become effective from and after its date of passage.

PASSED AND APPROVED ON THIS 1st DAY OF OCTOBER, 2024.

ATTEST:

Mayor

City Secretary

City Manager

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED _____, 2024

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 to the City, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations.

\$6,500,000*

**CITY OF HUNTSVILLE, TEXAS,
(a municipal corporation of the State of Texas located in Walker County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(THE RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT)**

Dated Date: Delivery Date (defined below)

Due: September 15, as shown on the inside cover

Interest to Accrue from Delivery Date

The City of Huntsville, Texas, Special Assessment Revenue Bonds, Series 2024 (The Reserves of Huntsville Public Improvement District) (the “Bonds”), are being issued by the City of Huntsville, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover hereof, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 15 and September 15 commencing March 15, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“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 BOKF, NA, Dallas, Texas, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on October 15, 2024, and an Indenture of Trust, dated as of October 15, 2024 (the “Indenture”), expected to be entered into by and between the City and the Trustee. ***Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.***

Proceeds of the Bonds will be used for the purposes of paying a portion of (i) the Actual Costs of the Authorized Improvements, (ii) District Formation Expenses, and (iii) Bond Issuance Costs, including capitalized interest and funding a reserve fund for the payment of principal of and interest on the Bonds. See “THE AUTHORIZED IMPROVEMENTS” and “APPENDIX B – Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by a first and prior lien on the Trust Estate, consisting primarily of the Assessments to be levied against assessable properties in The Reserves of Huntsville Public Improvement District (the “District”) in accordance with a Service and Assessment Plan, and other assets comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. 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 price 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 A FIRST AND PRIOR LIEN ON 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 ASSETS OF THE CITY OTHER THAN 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 ASSETS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER ASSETS 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 FMSbonds, Inc. (the “Underwriter”), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of 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, Liles Parker PLLC, for the Underwriter by its counsel, Jackson Walker L.L.P., and for the Developer by its counsel, Coats Rose, P.C. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about October 31, 2024 (the “Delivery Date”).

FMSbonds, Inc.

* Preliminary, subject to change.

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

CUSIP Prefix: ^(a)

\$6,500,000*

CITY OF HUNTSVILLE, TEXAS,
(a municipal corporation of the State of Texas located in Walker County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(THE RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT)

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

\$ _____ % Term Bonds, Due September 15, 20 __, Priced to Yield _____%; CUSIP Suffix: _____ ^{(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, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter take any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 15, 20 __, 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 September 15, 20 __, at the redemption price set forth herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as set forth herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

* Preliminary, subject to change.

CITY OF HUNTSVILLE, TEXAS,

CITY COUNCIL

<u>Name</u>	<u>Position</u>	<u>Term Expires (November)</u>
Russell Humphrey	Mayor	2025
Tore Fossum	Councilmember	2025
Casey Cox	Councilmember	2025
Anissa Antwine	Councilmember	2025
Vicki McKenzie	Councilmember, Mayor Pro-Tem	2024
Jon Strong	Councilmember	2025
Bert Lyle	Councilmember	2024
Karen Denman	Councilmember	2024
Pat Graham	Councilmember	2024

CITY MANAGER

Aron Kulhavy

FINANCE DIRECTOR

Steve Ritter

CITY SECRETARY

Kristy Doll

FINANCIAL ADVISOR

Hilltop Securities Inc.

BOND COUNSEL

McCall, Parkhurst & Horton L.L.P.

UNDERWRITER'S COUNSEL

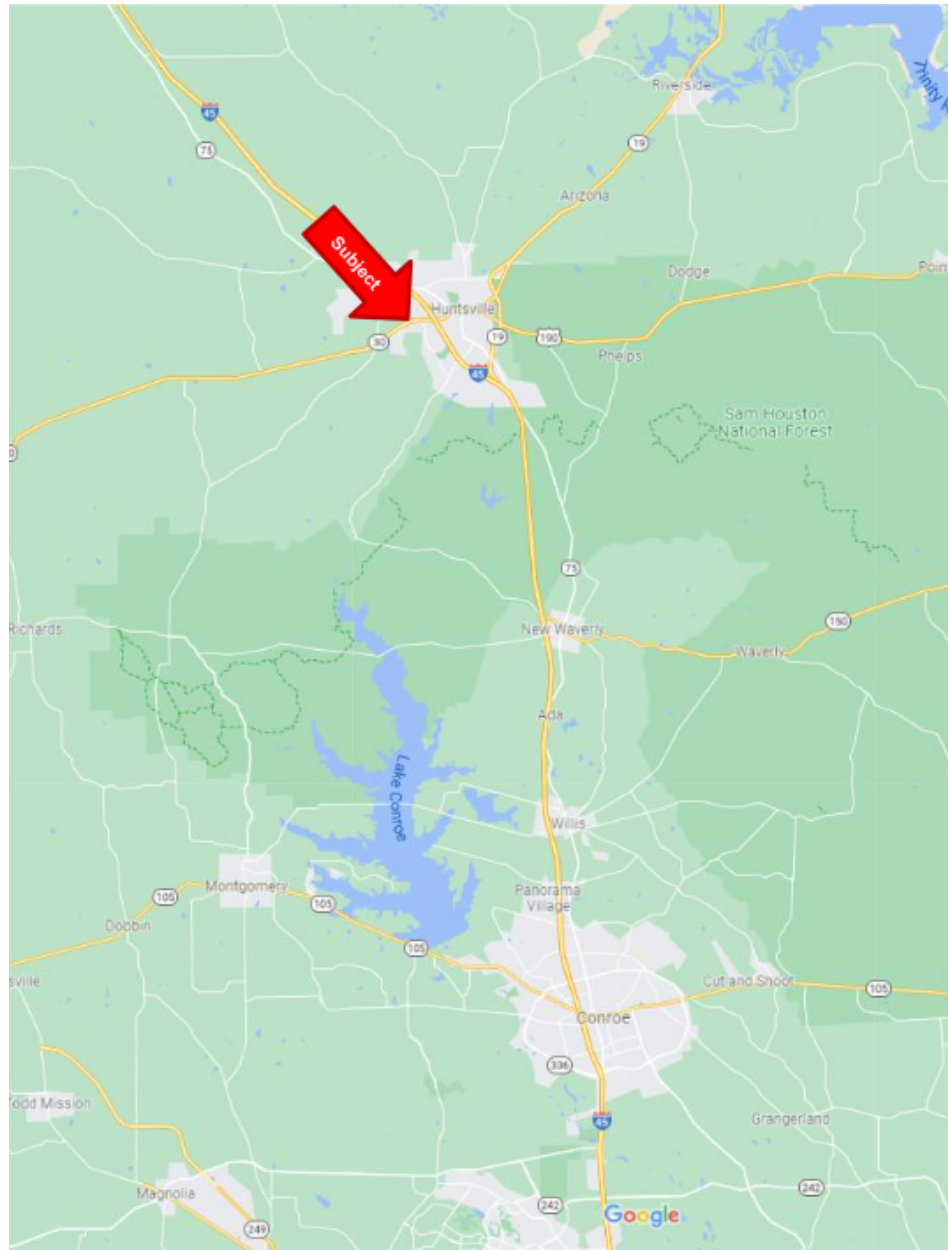
Jackson Walker L.L.P.

For additional information regarding the City, please contact:

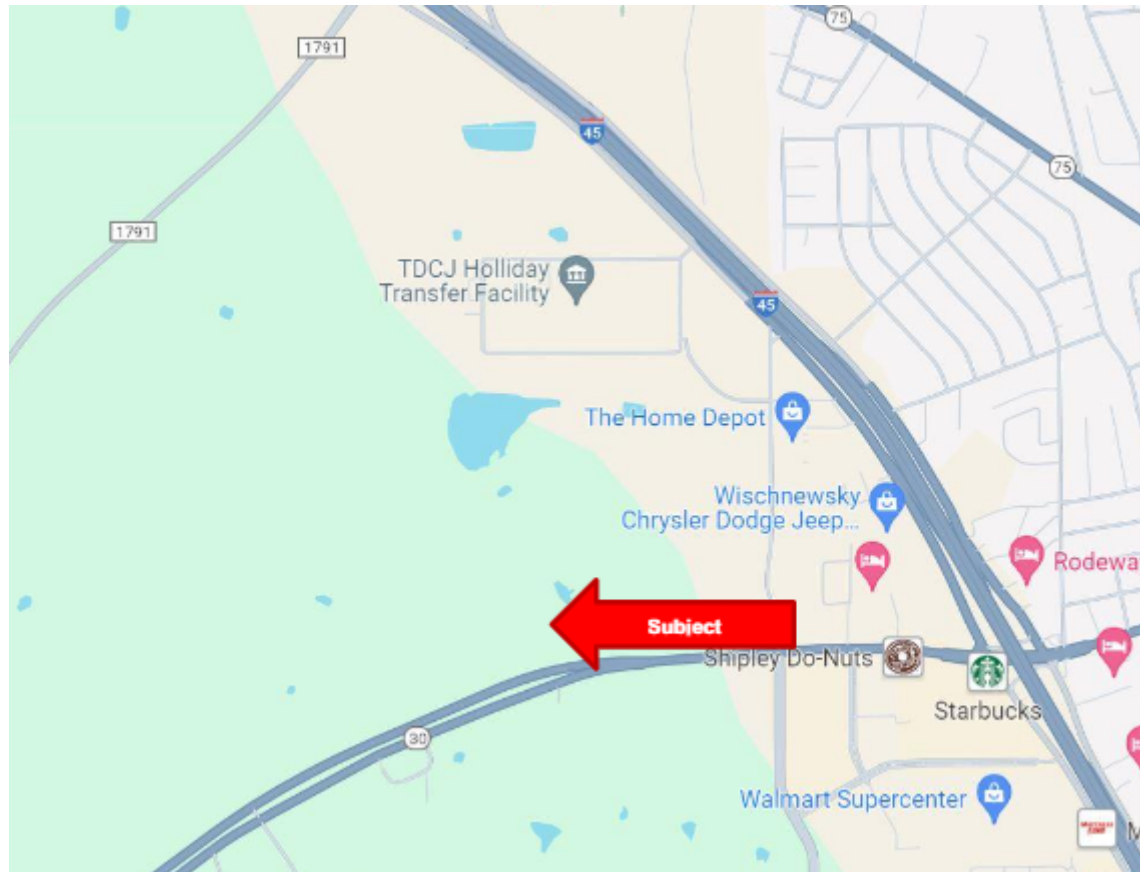
Steve Ritter
Director of Finance
City of Huntsville, Texas
1212 Avenue M
Huntsville, TX 77340
(936) 291-5400

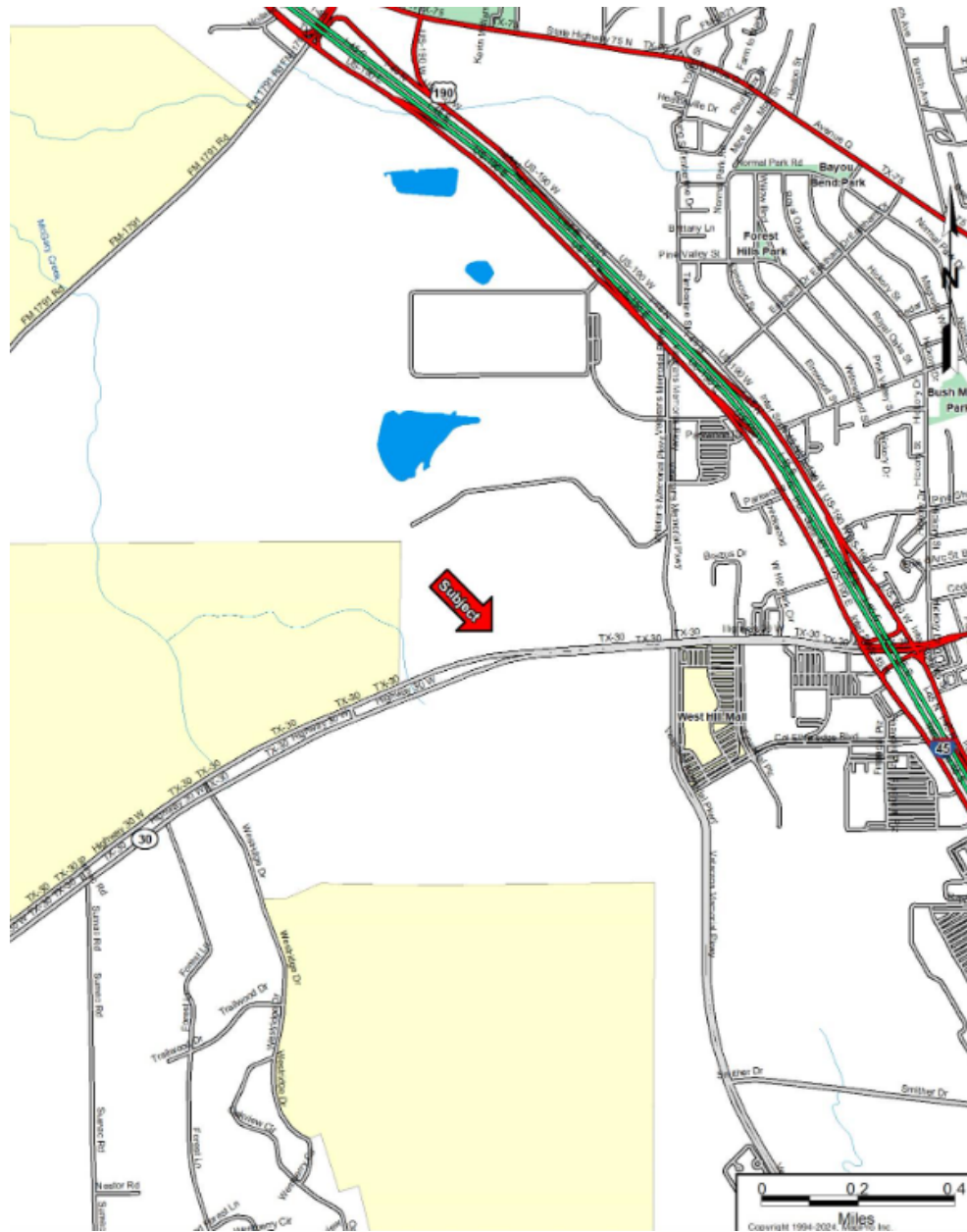
Marti Shew
Hilltop Securities Inc., Managing Director
717 N. Harwood St.
Suite 3400
Dallas, TX 75201
(214) 953-4000

REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAPS OF THE DISTRICT





MAP SHOWING CONCEPT PLAN FOR THE DISTRICT



USE OF LIMITED OFFERING MEMORANDUM

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

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "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." 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 DEVELOPER 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 DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER’S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS LIMITED OFFERING MEMORANDUM FOR PURPOSES OF, AND AS THAT TERM IS DEFINED IN, RULE 15C2-12.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$6,500,000*

CITY OF HUNTSVILLE, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(THE RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Huntsville, Texas (the “City”), of its \$6,500,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (The Reserves of Huntsville Public Improvement District) (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, PREMIUM, IF ANY, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “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”), an ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on October 15, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of October 15, 2024 (the “Indenture”) expected to be entered into by and between the City and BOKF, NA, Dallas, Texas, as trustee (the “Trustee”). Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds. *All capitalized terms used in this Limited Offering Memorandum, that are not otherwise defined herein shall have the meanings set forth in the Indenture. See “APPENDIX B – Form of Indenture.”*

The Bonds will be secured by a first and prior lien on and pledge of the Trust Estate, consisting primarily of assessments (the “Assessments”) to be levied against assessable property (the “Assessed Property”) located within the District pursuant to a separate ordinance expected to be adopted by the City Council on October 15, 2024 (the “Assessment Ordinance”), all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.” The Reserves of Huntsville Public Improvement District is defined herein as the “District.”

Set forth herein are brief descriptions of the City, the District, the Administrator, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement (defined herein), the Reimbursement Agreement (defined herein), and PHD – Huntsville 34, L.P. (the “Developer”), 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, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the Service and Assessment Plan appears as “APPENDIX C – Service and Assessment Plan.” The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein

* Preliminary; subject to change.

and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

PLAN OF FINANCE

Overview

Following receipt of a petition from the Developer in accordance with the PID Act, the City created the District on August 16, 2022. The District is composed of approximately 33.22 acres within the corporate boundaries of the City. It is located west of Interstate Highway 45 and immediately north of State Highway 30 at 3400 SH 30 West. Maps of the District and the surrounding region are included on pages iv – vii.

Development Plan

The Developer purchased the property within the District in February 2022 and is developing such property as a single-family community to include approximately 140 50' single-family detached residential lots, an outdoor pavilion, a playground and a community green space and pond (collectively, the "Development"), with substantial completion of all single-family lot development expected to occur by October 31, 2024. See the concept plan for the District on page vii. See "THE DEVELOPMENT."

The Developer began construction of the Authorized Improvements (as defined herein) on April 11, 2024. There is only one phase of construction and development, and the Authorized Improvements are anticipated to be accepted by the City at such time as construction and development is substantially complete. See "THE DEVELOPMENT" and "APPENDIX C – Service and Assessment Plan."

The Developer expects that the actual costs to complete the Authorized Improvements will be \$6,495,313. A portion of the proceeds of the Bonds will be used to reimburse the Developer for the actual costs of the construction and development of the public improvements that benefit only the Assessed Property in the District (the "Authorized Improvements").

As of August 13, 2024, the Developer has spent approximately \$5,229,763.52 on constructing the Authorized Improvements from cash on hand and bank loans and expects to spend the balance prior to delivery of the Bonds. A portion of such costs in the approximate amount of \$5,195,388 will be reimbursed from proceeds of the Bonds. The balance of the costs of the Authorized Improvements, in the approximate amount of \$1,299,925, have been or will be financed by the Developer and will not be reimbursed by the City. See "SOURCES AND USES OF FUNDS," "THE AUTHORIZED IMPROVEMENTS" and "APPENDIX C – Service and Assessment Plan."

Developer and Homebuilders

The Developer has entered into lot purchase agreements with two merchant homebuilders, K Hovnanian Homes and CastleRock Homes (collectively, the "Homebuilders") for all lots within the District. The Developer anticipates that the Authorized Improvements will be substantially complete by October 31, 2024, with the first lot takedown targeted for October 31, 2024. The Homebuilders have collectively deposited \$1,338,746 in earnest money, of which \$669,373 was provided by K Hovnanian Homes and \$669,373 was provided by CastleRock Homes. See "THE DEVELOPMENT – Developer and Homebuilders" and "— Expected Build-Out and Home Prices in the Development."

The Bonds

Proceeds of the Bonds will be used for the purposes of paying a portion of (i) the Actual Costs of the Authorized Improvements, (ii) District Formation Expenses, and (iii) Bond Issuance Costs, including capitalized interest and funding a reserve fund for the payment of principal of and interest on the Bonds. See "SOURCES AND USES OF FUNDS," "THE AUTHORIZED IMPROVEMENTS" and "APPENDIX B – Form of Indenture."

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of Pledged Revenues derived from Assessments levied against the Assessed Property within the District, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES,” and “APPENDIX B – Form of Indenture.”

The Bonds and any Refunding 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 full 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. No Refunding Bonds are offered pursuant to this Limited Offering Memorandum.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser (each, an “Investor”) 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 will be deemed to have acknowledged, represented, and warranted to the City as follows:

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
2. The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes 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 Authorized Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information, and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.
6. The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City 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 on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 15 and September 15, commencing March 15, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. BOKF, NA, Dallas, Texas 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 \$100,000 of principal and any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”). The City prohibits any Bond to be issued in a denomination of less than \$100,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$100,000, and any attempt to accomplish either of the foregoing will be void and of no effect except as it may relate to a partial redemption as further described in the Indenture. Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

Redemption Provisions

Optional Redemption. The Bonds maturing on or after September 15, 20__, may be redeemed prior to their scheduled maturities on any date on or after September 15, 20__, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

Extraordinary Optional Redemption. 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 a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. See “ASSESSMENT PROCEDURES – Prepayment of Assessments” for the definition and description of Prepayments. See also “APPENDIX B – Form of Indenture.”

Mandatory Sinking Fund Redemption. The Bonds maturing on September 15 in the years _____ and _____ (collectively, “Term Bonds”), 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 Term Bonds called for redemption, plus accrued and unpaid interest to the date 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:

\$ Term Bonds Maturing []

<u>Redemption Date</u>	<u>Principal Amount</u>
-------------------------------	--------------------------------

[†] Final maturity.

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

The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the Indenture shall be reduced, at the option of the City, by the principal amount of any Term Bonds of such maturity which, at least 30 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 Term Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the Indenture shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption provisions or the extraordinary optional redemption provisions in the Indenture and not previously credited to a mandatory sinking fund redemption.

Partial Redemption. If less than all of the Bonds are to be redeemed pursuant to the Indenture, Bonds shall be redeemed in increments of \$1,000 by lot, provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond except as provided in the following sentence. 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 the time, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, 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 for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Notice of Redemption. Upon notification by the City to the Trustee of the exercise of any 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 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 notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption described in the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the

payment in full of the 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.

Effect of Redemption. 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 principal amount plus accrued unpaid interest on 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.

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 United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to

receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices 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 detailed 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 Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City 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/REGISTRAR, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC 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

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. Potential Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B — Form of Indenture."

General

THE BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM AND SECURED SOLELY BY THE TRUST ESTATE, INCLUDING THE PLEDGED REVENUES AND THE PLEDGED FUNDS; AND THE BONDS SHALL NEVER BE PAYABLE OUT OF FUNDS RAISED OR TO BE RAISED BY TAXATION OR FROM ANY OTHER REVENUES, PROPERTIES OR INCOME OF THE CITY. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY FOR THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE "APPENDIX B – FORM OF INDENTURE."

The principal of, premium, if any, and interest on the Bonds are secured by and payable from a first lien on and pledge of the Trust Estate, all to the extent and upon the conditions described in the Indenture. See "APPENDIX B – Form of Indenture." In accordance with the PID Act, the City caused the preparation of a Service and Assessment Plan to be used in connection with the levy of Assessments in the District, and expects to adopt a final Service and Assessment Plan in connection with the levy of Assessments and authorization of the issuance of the Bonds. The Service and Assessment Plan describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan will be reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C – Service and Assessment Plan."

In connection with the pricing of the Bonds expected to occur on October 15, 2024, and as provided in the Bond Ordinance, the City expects to approve the Service and Assessment Plan, which will reflect the actual interest rate on the Bonds, as well as the additional interest collected pursuant to Section 372.018(a) of the PID Act. See "APPENDIX C – 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 Authorized Improvements by levying Assessments upon properties in the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Service and Assessment Plan.”

The Bonds are secured by and payable from a first lien on and pledge of the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Pursuant to the Indenture, the following terms are assigned the following meanings:

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certificate for Payment that has been reviewed and approved by the City. Actual Cost may include: (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction, and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, as limited below; (b) the costs of preparing the construction plans for such Authorized Improvement; (c) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvement; (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting, and similar professional services; (e) the costs of all labor, bonds, and materials incurred by contractors, builders, and material men in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (f) all related permitting, zoning, and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees, and charges (including inspection fees, City permit fees, development fees), insurance premiums, miscellaneous expenses. Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to 5.0% of the eligible Actual Costs described in a Certificate for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

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

“Additional Interest Rate” means the additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act which shall be a minimum of 0.25% and a maximum of 0.50%, as determined annually pursuant to the terms of the Development Agreement.

“Administrator” means the City or the person or independent firm designated by the City who shall have the responsibility provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the City related to the duties and responsibility of the administration of the District.

“Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

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

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

“Assessed Property” or “Assessed Properties” means property within the District that benefits from an Authorized Improvement and on which Assessments have been levied as shown on an Assessment Roll (as the same may be updated each year by an update to a Service and Assessment Plan) and which includes any and all Parcels within the District other than Non-Benefitted Property.

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

“Assessment Ordinance” means Ordinance No. _____ adopted by the City Council on October 15, 2024, that levied the Assessments, and any additional ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on Assessed Property within of the District, as shown on any Assessment Roll.

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

“Assessment Roll(s)” means any assessment roll for the Assessed Property within the District, including the Assessment Roll included in the Service and Assessment Plan as Exhibit F, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Indenture and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of PID Bonds, or in connection with any Annual Service Plan Update.

“Bonds Similarly Secured” means, collectively, any Outstanding Bonds and Refunding Bonds.

“Delinquent Collection Costs” means interest, penalties, and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees, and any third-party costs paid or incurred by the City as a result of any delinquency of an Assessment.

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

“Outstanding” means, as of any particular date when used with reference to Bonds Similarly Secured, all Bonds Similarly Secured authenticated and delivered under the Indenture except (i) any Bond Similarly Secured that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond Similarly Secured for which the payment of the principal or Redemption Price of and interest on such Bond Similarly Secured shall have been made as provided in the Indenture, (iii) any Bond Similarly Secured in lieu of or in substitution for which a new Bond Similarly Secured shall have been authenticated and delivered pursuant to the Indenture, and (iv) Bond Similarly Secured alleged to have been mutilated, destroyed, lost or stolen which have been paid as provided in the Indenture.

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

“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 Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (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 or other Bonds Similarly Secured.

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

“Quarter in Interest” means as of any particular date of calculation, the Owners of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Bonds Similarly Secured. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of then Outstanding Bonds Similarly Secured (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

“Refunding Bonds” means bonds issued to refund all or any portion of the Outstanding Bonds and secured by a parity lien with the Outstanding Bonds on the Trust Estate, as more specifically described in the indenture authorizing such Refunding Bonds.

“Service and Assessment Plan” means the document, including the Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as amended and restated, as may be updated, amended and supplemented from time to time.

“Trust Estate” means (i) the Pledged Revenues, as defined in the Indenture, including all moneys and investments held in the Pledged Funds, and including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether existing on the date of the Indenture or thereafter coming into existence, and whether acquired on the date of the Indenture or thereafter; (ii) any and all other property or money of every name and nature which is, from time to time after the date of the Indenture by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security under the Indenture by the City or by anyone on its behalf or with its written consent; and (iii) any and all proceeds of the foregoing property and proceeds from the investment of the foregoing property.

The City will covenant, agree, and warrant in the Indenture that, for so long as any Bonds Similarly Secured are Outstanding and amounts are due to the Developer under the Reimbursement Agreement to reimburse it for its funds it has contributed to pay Actual Costs of the Authorized Improvements, the City will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments. See “– Pledged Revenue Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C –Service and Assessment Plan.”

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

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS – Assessment Limitations.”

Collection and Enforcement of Assessments

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

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

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

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

Unconditional Levy of Assessments

The City will impose Assessments on the property within the District to pay the principal of and interest on the Bonds scheduled for payment from the Trust Estate as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments will be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid in full or in part at any time, or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments for each lot within the District will begin to accrue on the date specified in the Service and Assessment Plan. After issuance of the Bonds, interest on the Assessments for each lot within the District will accrue at a rate specified in the Bond Ordinance, but may not exceed the Additional Interest Rate. Such interest rates may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

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

There is no discount for the early payment of Assessments.

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

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

Perfected Security Interest

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, which is the date of the initial delivery and payment for the Bonds, 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, Texas Business and Commerce Code, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Chapter 9, Texas Business and Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur. See "APPENDIX B – Form of Indenture."

Pledged Revenue Fund

The City will create under the Indenture a Pledged Revenue Fund to be held by the Trustee. Immediately upon receipt thereof, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, as set forth in the Service and Assessment Plan. Specifically, the Trustee 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 Similarly Secured 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, (iii) third to pay other Actual Costs of the Authorized Improvements, and (iv) fourth to pay other costs permitted by the PID Act. Notwithstanding the foregoing, the Additional Interest of the Annual Installments shall only be utilized for the purposes set forth in the Indenture and, on each March 15, beginning March 15, 2025, and on any other day set forth in a City Certificate, the amount of Additional Interest of the Annual Installments confirmed by the City pursuant to a City Certificate, will be deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable.

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

The Trustee shall transfer the amounts determined in writing by the City as Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

Upon receipt of Foreclosure Proceeds, the Trustee shall transfer such amount of Foreclosure Proceeds determined in writing by the City, first to the Reserve Fund to restore any transfers from the Reserve Fund made to

which the Foreclosure Proceeds relate, second, to replenish the Delinquency and Prepayment Reserve Requirement, and third, to the Redemption Fund.

After satisfaction of the requirement to provide for the payment of the principal of and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall, at the written request of the City, 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. The Trustee may rely upon any such request of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds Similarly Secured.

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

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

Project Fund

Money on deposit in the Project Fund shall be used for the purposes described in “PLAN OF FINANCE – 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 Certificates. Disbursements from all other Accounts of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such City Certificate shall include a list of the payees and the payments (not to exceed) 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 written request and the Trustee may rely on such payment instructions though given by the City with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein.

Except as provided in the Indenture, money on deposit in the Improvement Account shall be used solely to pay Actual Costs provided the Trustee shall have no responsibility for the application of any funds disbursed from the Improvement Account in reliance upon a Certification for Payment approved by the City.

If the City Representative determines in the City Representative’s reasonable 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 Authorized Improvements such that, in the reasonable 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 Certificate 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 Certificate is so filed, the amounts on deposit in the Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

In making any determination pursuant to the Indenture, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all of the Authorized Improvements have been completed and that all Actual Costs have been paid, or that any Actual Costs of the Authorized Improvements are not required to be paid from the Improvement Account of the Project Fund pursuant to a Certification 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 Certificate filed with the Trustee. Upon such transfers, the Improvement Account of the Project Fund shall be closed.

Upon the Trustee's receipt of a written 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 another Account or Subaccount in the Project Fund and used to pay Actual Costs of the Authorized Improvements or to the Principal and Interest Account and used to pay interest on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

Notwithstanding the above paragraphs, the aggregate amount of funds that the Trustee may disburse from the Improvement Account shall not exceed \$1,237,137 (the "Authorized Amount") except and until the Release Condition (as defined below) has been satisfied, after which the Trustee may resume disbursements. The Trustee may make disbursements from the Improvement Account that exceed the Authorized Amount only when the Developer provides written certification to the Trustee and the City in a Certificate for Payment that the Release Condition has been satisfied. The first Certificate for Payment that requests funds in excess of the Authorized Amount from the Improvement Account after satisfaction of the Release Condition shall be submitted to the City, the Trustee, the City's financial advisor, Bond Counsel and the Administrator for review and confirmation.

Money may be disbursed from the Improvement Account in excess of the Authorized Amount only if the City has performed and approved the final inspections of at least seventeen (17) homes within the District and issued certificates of occupancy on each such home in accordance with its customary residential building inspection practices (the "Release Condition"). The City may not approve a Certificate for Payment for payment from the Improvement Account for any amounts that exceed the Authorized Amount until the Release Condition has been satisfied.

Notwithstanding anything in the Indenture to the contrary, in the event the Developer has not provided the required evidence that the Release Condition has been satisfied on or before October 31, 2027, then the Trustee shall transfer any funds remaining in the Improvement Account to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. See "APPENDIX B – Form of Indenture."

Redemption Fund

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in the Indenture on the dates specified for redemption as provided in the Indenture. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in the Indenture.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Reserve Account will be funded initially with proceeds of the Bonds in the amount of the initial Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" means the Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance; provided, however, that as a result of (1) an optional redemption or (2) an extraordinary optional redemption, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$_____.

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

In the event of an extraordinary optional redemption of Bonds Similarly Secured pursuant to the Indenture, the Trustee, pursuant to written directions from the City, 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 Similarly Secured 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 Similarly Secured 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 Similarly Secured 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 to the nearest roundup of \$1,000 increment, plus accrued and unpaid interest on such Bonds Similarly Secured to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency & Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

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 Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless prior to the next Interest Payment Date, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due the United States Government in accordance with the Code, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured or (iii) to the Project Fund to pay Actual Costs of the Authorized Improvements if such application and the expenditure of funds is expected to occur within three years of the date of the Indenture.

Delinquency & Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency & Prepayment Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Delinquency & Prepayment Reserve Account will be funded in the amount of the Delinquency & Prepayment Reserve Requirement. Pursuant to the Indenture, the "Delinquency & Prepayment Reserve Requirement" means an amount equal to 4.5% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Assessments and Annual Installments deposited to the Pledged Revenue Fund for subsequent transfer to the Delinquency & Prepayment Reserve Account of the Reserve Fund in accordance with the terms of the Indenture. As of the Closing Date for the Bonds, the Delinquency & Prepayment Reserve Requirement is \$292,500*, which is an amount equal to 4.5% of the principal amount of the Bonds as of the Closing Date.

Pursuant to the Indenture, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 15 of each year, commencing March 15, 2025, and on any other day set forth in a City Certificate, an amount equal to the Additional Interest until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account. Once the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account, any amounts in excess of the Delinquency & Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture provided, however, that at any time the amount on deposit in the Delinquency & Prepayment Reserve Account is less than Delinquency & Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to the Indenture, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer.

Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency & Prepayment Reserve Account exceeds the Delinquency & Prepayment Reserve

* Preliminary, subject to change.

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.

Whenever a transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds.

If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds Similarly Secured on the next date the Bonds Similarly Secured may be optionally redeemed by the City at a redemption price of par, together with the unpaid interest accrued on such Bonds Similarly Secured as of such date, the moneys in the Reserve Fund shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

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

Administrative Fund

The City will create under the Indenture an Administrative Fund. Immediately upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the 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 Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with the Indenture. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds. See "APPENDIX C – Service and Assessment Plan."

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

Bonds Deemed Paid

Any Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of the Trust 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, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) 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 Similarly Secured 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 pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. 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 Similarly Secured 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.

Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in the Indenture shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Owners of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of the Indenture with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.

“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”), which investments 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, 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:

1. The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
3. Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture other than a default under (2) above or (4) 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 at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured then Outstanding; and
4. The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter.

Notwithstanding the foregoing, nothing in the Indenture will be viewed to be an Event of Default if it is in violation of any applicable state or federal law or court order.

Remedies in Event of Default

Subject to provisions of the Indenture with respect to limits on liability of the City, upon the happening and continuance of any of the Events of Default described in the Indenture, then and in every such case the Trustee may proceed, and upon the written request of the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding under the Indenture and its receipt of indemnity satisfactory to it 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 any action for money damages against the City shall be limited to recovery from the Trust Estate may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

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

If an Event of Default shall have occurred and be continuing, the City, upon demand of the Trustee, shall surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and including the rights and the position of the City, and to hold, operate, and manage the same, and from time to time make all needed repairs and improvements, as well as set up proper reserve for the payment of all proper costs and expenses, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee under the Indenture, (iii) any taxes and assessments and other charges prior to the lien of the Indenture, and (iv) all expenses of such repairs and improvements. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

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 actual knowledge thereof or has been notified in writing as provided in the Indenture, or of which by the Indenture it is deemed to have notice, (ii) such default has become an Event of Default and the Owners of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding have made written request to the Trustee and offered it reasonable opportunity either 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 indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after

such 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 at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, 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 Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to limits on liability 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 Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed in the Indenture and in the Bonds Similarly Secured.

In case the Trustee or any Owners of Bonds Similarly Secured 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 of Bonds Similarly Secured, then and in every such case the City, the Trustee and the Owners of Bonds Similarly Secured shall be restored to their former positions and rights under the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall, after payment of the cost, liabilities, advances and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out the Indenture, during the continuance of an Event of Default, notwithstanding other provisions in 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 Similarly Secured, as follows:

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

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or Redemption Price of any Bonds Similarly Secured 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 Similarly Secured 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.

Within thirty (30) days of receipt of such good and available funds, the Trustee may fix a record date and a payment date for any payment to be made to Owners of Bonds Similarly Secured pursuant to the Indenture.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured 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 of Funds

Money in any Fund or Account, other than the Reserve Account, shall be invested by the Trustee as directed by the City pursuant to a City Certificate 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 Account shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Certificate shall be a certification that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence and the Trustee shall not be responsible for determining such requirements. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold, in order to make the disbursements required or permitted by the Indenture, to prevent any default under the Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee shall invest and re-invest cash balances in Invesco Short-Term Investments Trust Treasury, CUSIP No. 825252786, until directed otherwise by the City Certificate.

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 as determined and directed in writing by the City.

Against Encumbrances

The City shall not create and shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds, or any Refunding Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

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, 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 Similarly Secured.

Other Obligations or Other Liens; Refunding Bonds; Future 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 any portion of the Trust Estate and are not payable from the Trust Estate.

Other than Refunding 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 the Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in the Indenture shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall

be contested by it in good faith, unless thereby, in the opinion of counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

The City reserves the right to issue bonds in the future for any purpose permitted by the PID Act, pursuant to a separate indenture and secured by a separate assessment from the Assessment, subject to the conditions of the Financing Agreement.

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SOURCES AND USES OF FUNDS *

Bonds

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

Deposit to Improvement Account of the Project Fund	\$
Deposit to Costs of Issuance Account of Project Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to Principal and Interest Account of the Bond Fund	
Deposit to the Administrative Fund	
Underwriter's Discount ⁽¹⁾	
TOTAL USES	\$

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

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* To be completed upon pricing of the Bonds.

DEBT SERVICE REQUIREMENTS *

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

<u>Year Ending</u> <u>()</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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			
2052			
2053			
Total			

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* To be completed upon pricing of the Bonds.

OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

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

The City, Walker County (the “County”), Huntsville Independent School District (“Huntsville ISD”) and Walker County Hospital District may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or assessments levied by such other taxing authorities.

The following table reflects the overlapping ad valorem taxes currently levied on property located in the District.

Overlapping Taxes in the District

<u>Taxing Entity</u>	<u>Tax Year 2023 Ad Valorem Tax Rate ⁽¹⁾</u>
The City	\$0.3074
Walker County	\$0.4127
Huntsville ISD	\$0.8571
Walker County Hospital District	<u>\$0.0977</u>
Total Current Tax Rate	\$1.6749
 Estimated Average Annual Installment of Assessment in the District as a Tax Rate Equivalent ⁽²⁾	 \$1.3448
 Estimated Total Tax Rate and Average Annual Installment of Assessment in the District as a Tax Rate Equivalent ⁽²⁾	 <u>\$3.0197</u>

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

⁽²⁾ *Preliminary; subject to change.* Derived from information in the Service and Assessment Plan. Shown as an equivalent tax rate for illustration purposes only. See “ASSESSMENT PROCEDURES – Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C – Service and Assessment Plan.”

Source: Walker County Appraisal District and the Service and Assessment Plan.

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As noted above, the District includes territory located within other governmental entities' jurisdiction and such entities may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the District, as of August 31, 2024, and City debt to be secured by the Assessments:

Overlapping Debt in the District

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of August 31, 2024</u>	<u>Estimated % Applicable ⁽¹⁾</u>	<u>Estimated Overlapping Debt ⁽¹⁾</u>
The City (Assessments – Bonds)*	\$6,500,000	100%	\$6,500,000
The City (Ad Valorem Taxes)	\$43,725,000	0.24%	\$103,013
Walker County	\$0	0.11%	\$0
Walker County Hospital District	\$0	0.11%	\$0
Huntsville ISD	<u>\$123,995,000</u>	0.15%	<u>\$181,634</u>
Total	\$174,220,000		\$6,784,647

* Preliminary, subject to change.

⁽¹⁾ Based on the tax year 2023 net taxable assessed valuation for the taxing entities and the appraisal "Upon Completion" Bulk Market Value for the District.

Sources: Municipal Advisory Council of Texas (gross outstanding debt secured by property taxes) and net taxable assessed valuation.

Homeowners' Association Dues

In addition to the taxes and Assessments described above, the Developer anticipates that each single-family residential lot owner in the District will pay a property owner's association fee to a homeowners' association (the "HOA") formed by the Developer in the approximate amount of \$750 annually.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Authorized Improvements through Assessments, it must adopt a resolution generally describing the Authorized Improvements and the land within the District to be subject to Assessments to pay the cost therefor. The City has caused the Assessment Roll to be prepared, which shows the land within the District 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 will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Authorized Improvements and funding a portion of the same with Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance on October 15, 2024. After adoption of the Assessment Ordinance, the Assessments will become legal, valid, and binding liens upon the property against which the Assessments were made.

Under the PID Act, the costs of the Authorized Improvements may be assessed by the City against the Assessed Property in the District so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized 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 the District is presented in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX C – Service and Assessment Plan."

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Assessed Property as a result of the Authorized Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments previously levied, and establishes the methodology by which the City

allocates the special benefit of the Authorized Improvements to Parcels in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Authorized Improvements is being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessments, and other assets comprising the Trust Estate. As set forth in the Service and Assessment Plan, the City Council has determined that the actual costs associated with the Authorized Improvements will be allocated on the basis of the size of the Lots and their estimated assessed value at Build-Out, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Lots similarly benefited. The Assessed Property will be assessed for the special benefits conferred upon the property due to the Authorized Improvements.

The following table provides additional analysis with respect to assessment methodology, including the value to Assessment burden ratio per Lot Type, equivalent tax rate per Lot Type, and leverage per Lot Type related to the Assessments applicable to the District. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan. See “APPENDIX C – Service and Assessment Plan.”

**Lien to Value Analysis, Assessment Allocation, Equivalent Tax Rate,
and Leverage per Lot Type in the District**

Lot Type	Planned No. of Lots	Estimated Finished Value per Lot Type ⁽¹⁾	Projected Average Home Value per Lot Type ⁽²⁾	Assessment per Lot Type ⁽³⁾	Average Annual Installment of Assessment per Lot Type ⁽³⁾	Tax Rate Equivalent of Average Annual Installment of Assessment per Lot Type ⁽³⁾	Estimated Ratio of Estimated Finished Value per Lot Type to Assessment ^{(2), (3)}	Estimated Ratio of Projected Average Home Value per Lot Type to Assessment ^{(2), (3)}
50'	140	\$65,450	\$295,000	\$46,428.58	\$3,967.07	\$1.34477	1.40969	6.35385

⁽¹⁾ Provided in the Appraisal (as defined herein). See “APPENDIX F — Appraisal.”

⁽²⁾ Provided by Developer at the time of the levy of the Assessments. See “THE DEVELOPMENT – Expected Build-Out and Home Prices in the Development” for current values.

⁽³⁾ Per \$100 of home value.

Source: The Appraisal, DTA and information presented in the Service and Assessment Plan

For further explanation of the Assessment methodology, see “APPENDIX C – Service and Assessment Plan.”

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefitted within 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 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 and all future owners and developers within the District. See “APPENDIX C – Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

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 Collection Costs shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City will covenant, agree, and warrant that, for so long as any Bonds are Outstanding, 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. See “SECURITY FOR THE BONDS – Collection and Enforcement of 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 will not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property. See “SECURITY FOR THE BONDS – Collection and Enforcement of Assessments.”

The City will implement the basic timeline and procedures for Assessment collections and pursuit of delinquencies set forth in Exhibit D of the Continuing 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 will 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 on or about October 1 each year and become delinquent on February 1. In the event Assessments are not timely paid, there are penalties and interest as set forth below:

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

After July, the penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney’s collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevent 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 amounts of the Assessments have been established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel within the District. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments are expected to be levied against the Parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX C – 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 the portion of the Annual Installment allocable to 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.

If the debt service on issued Bonds is reduced as the result of an economic refunding of the Bonds, Prepayment of Assessments, or the redemption of Bonds, then there would be a corresponding reduction in the Assessments and the Annual Installments. See “APPENDIX C – Service and Assessment Plan.” In such case, the reduced Assessment and Annual Installment, as shown on the Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by City Council.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the estimated costs of the Authorized Improvements, shall be allocated entirely to the Assessed Property. As reflected in the table below, the entire Assessment is spread across the Lot Types based on their respective estimated assessed value at Build-out and number of Lots anticipated to be developed within such Lot Type. Based on the estimated costs for the Authorized Improvements provided by the Developer, the City Council has determined that the benefit to the Assessed Property from the Authorized Improvements is at least equal to the Assessments to be levied on the Assessed Property.

Allocation of Assessments⁽¹⁾

Lot Type	No. Lots	Estimated Assessed Value Per Home	Estimated Assessed Value Per Buildout	Assessment Allocation	Total Assessment Principal	Average Annual Installment	PID Tax Rate	Total Tax Rate
50'	140	\$295,000	\$41,300,000	100%	\$6,500,000	\$3,967.07	1.3448	3.0197

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

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a “Prepayment”), at any time, all or part of an Assessment levied against such owner’s Assessed Property, together with accrued interest to the date of payment. 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.

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 Assessed Parcel may pay the entire Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

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

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

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 in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited 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.

In the Indenture, the City will create the Delinquency & Prepayment Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If funds in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS – Delinquency & Prepayment Reserve Account of the Reserve Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C – Service and Assessment Plan.”

THE CITY

Background

The City (founded in 1845) is the county seat and principal commercial center of Walker County, Texas, which is in the southeastern corner of Texas. The City is approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The City encompasses an area of approximately 31 square miles.

The City’s 2020 census population was 45,491, increasing 19.2% since 2010. Population estimates include inmates within the Texas Department of Criminal Justice (“T.D.C.J.”) System located within the City limits. T.D.C.J. headquarters and five of its main units are located in the City.

City Government

The City is a political subdivision and home-rule municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City was incorporated in 1845, and first adopted its Home Rule Charter on September 28, 1968. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and Council members. The term of office is two years with the terms of the Mayor and eight Council members elected for staggered two-year terms. The City Manager is the

chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The current members of the City Council and the principal administrators of the City are shown on page iii hereof. General information regarding the City can be found in “APPENDIX A – General Information Regarding the City and the Surrounding Area.”

Water and Wastewater

Water & Sewer Capacity. The City will provide both water and wastewater services to the District. The City’s existing water system is sufficient to serve the District. The City’s wastewater system will be sufficient to serve the District once the McGary Creek Sanitary Sewer Lift Station project (the “Lift Station”) is completed. The Lift Station is scheduled to be operational in November 2024. The information and data relating to the City’s water and wastewater systems appearing under “Water System” and “Wastewater System” below is based on the City’s 2016 Water and Wastewater Condition and Capacity Assessment Study.

Water System. The City’s water system consists of 318 miles of water lines, ranging in size from 0.75-inches to 30-inches. The City relies on treated surface water from the Trinity River Authority Surface Water Treatment Plant and seven groundwater wells to provide water to its residents. The Palm Street, Lower Pressure Plane, and Spring Lake Water Plants distribute water throughout the City. The distribution system facilities also include five ground storage tanks and three elevated storage tanks. The City’s water distribution system currently has two pressure planes, Upper and Lower, separated by 17 pressure reducing valves (“PRVs”). A small PRV zone also exists in the Elkins Lake subdivision.

Wastewater System. The City’s wastewater system consists of three wastewater treatment plants (“WWTPs”), approximately 258 miles of gravity wastewater lines ranging from 4-inches to 48-inches, and 26 lift stations throughout the collection system. The wastewater system is divided into three service areas that are each served by a WWTP. The three WWTPs are: (1) A.J. Brown, (2) N.B. Davidson, and (3) Robinson Creek (which will service the District).

District Capacity Assessment. An outside engineering firm conducted a water capacity assessment for the District and delivered a memorandum to the City on November 5, 2021 relating thereto (the “Capacity Assessment Memo”). Based on the Capacity Assessment Memo, the City’s water system has sufficient capacity to serve the District. The City’s water model shows an available fire flow capacity of approximately 2,400 gpm at the District’s potential tie-in point. The Robinson Creek WWTP (the “Plant”) has a permitted average daily flow capacity of 2.5 million gallons per day (“MGD”) and a permitted peak flow capacity of 7.5 MGD. As of August 2024, the Plant is currently operating at 62% of its permitted average daily flow capacity. The Plant can service the District without expansion.

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on August 16, 2022, 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 Authorized Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iv – vi.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, pay, 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 District is located within the corporate boundaries of the City. The PID Act provides that the City may levy and collect special assessments on property in the District, or portions thereof, payable in periodic installments to pay all or a part of its cost based on the benefit conferred by an improvement project.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, pay, or reimburse a developer for the costs of financing, acquisition, construction, or improvement of the Authorized Improvements. See "THE AUTHORIZED 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 streets, earthwork, water, storm drainage, and sanitary sewer comprising the Authorized Improvements and certain related soft costs, and to finance a portion of 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 Pledged Revenues and other assets comprising the Trust Estate. See "ASSESSMENT PROCEDURES" and "APPENDIX C – Service and Assessment Plan."

THE AUTHORIZED IMPROVEMENTS

General

The Developer expects the Authorized Improvements to be complete and dedicated to the City in October 2024. Pursuant to the Reserves of Huntsville Development Agreement, by and between the City and the Developer, effective as of November 9, 2022 (as amended by the First Amendment to Reserves of Huntsville Development Agreement, effective as of December 19, 2023, and the Second Amendment to Reserves of Huntsville Development Agreement, effective as of May 7, 2024, the "Development Agreement"), the Developer is responsible for the completion of the construction, acquisition, or purchase of the Authorized Improvements.

Pursuant to the Indenture, the City will reimburse the Developer for a portion of the actual costs of the Authorized Improvements from proceeds of the Bonds. See "THE DEVELOPMENT – Development Plan."

Authorized Improvements. The Authorized Improvements, a portion of which are being financed with proceeds of the Bonds, include improvements and soft costs benefitting only Assessed Property in the District, as described below.

Roadway Improvements - The roadway improvements are public road improvements including construction, grading, concrete, reinforcing steel, asphalt, lime, sidewalks, signs, lighting fixtures, street scaping, related dry utility work, and public walkway widening. The roadway improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements - The water improvements include water mains, trench excavation and embedment, dewatering, trench safety, PVC piping, bore, valves, ground storage, pumps, fire hydrants, thrust restraint devices, service connections, and testing. The water improvements will be designed and constructed in accordance with City and Texas Commission on Environmental Quality ("TCEQ") standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements - The sanitary sewer improvements include sewer mains, manholes, trench excavation and embedment, dewatering, trench safety, and PVC piping. The sanitary sewer improvements will be designed and constructed in accordance with City and TCEQ standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements - The drainage improvements include preparation of a Stormwater Pollution Prevention Plan ("SWPPP"), storm sewer mains, inlets, earthen channels, swales, excavation and

embedment, dewatering, trench safety, grade inlets, RCP piping and hoses, headways, concrete flumes, rock rip rap, and concrete outfalls. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Earthwork Improvements - The earthwork improvements include excavation, embankment, and grading. The earthwork improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City and operated by the City.

Professional and Soft Costs - Professional and Soft Costs are the expenses incurred in the design, engineering and construction management of the Authorized Improvements and the establishment, administration, and operation of the District, but exclude the costs related to the issuance of the Bonds.

The total costs of the Authorized Improvements and the costs of acquiring the land in the District were approximately \$7,778,563, all of which have been or will be paid by the Developer from cash on hand. A portion of such costs in the approximate amount of \$5,195,388 will be reimbursed from proceeds of the Bonds. The remainder of such costs in the approximate amount of \$2,583,175 will not be reimbursed by the City. See “SOURCES AND USES OF FUNDS,” “THE AUTHORIZED IMPROVEMENTS,” “THE DEVELOPER – History and Financing of the District,” “THE DEVELOPER – Sufficiency of Developer’s Financing,” and “APPENDIX C – Service and Assessment Plan.”

The following table reflects the estimated total PID eligible costs of the Authorized Improvements.

<u>Type of Improvement</u>	<u>Costs</u>
Road Improvements	\$1,450,796
Water System	\$703,465
Sanitary Sewer	\$613,201
Storm Sewer System	\$1,406,803
Earthwork	\$536,081
Contingency	\$159,358
Miscellaneous	\$416,804
Professional & Soft Costs	<u>\$1,208,805</u>
Total	\$6,495,313

Ownership and Maintenance of Authorized Improvements

Authorized Improvements. The Authorized Improvements will be dedicated to and accepted by the City. The Developer expects the Authorized Improvements to be completed and accepted by the City in October 2024. The Authorized Improvements will constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing operation, maintenance, and repair of the Authorized Improvements constructed and conveyed, as outlined in the Service and Assessment Plan.

Private Improvements. In addition to the Authorized Improvements, the Developer plans to construct an outdoor pavilion, a playground, a pond and communal green space within the Development (collectively, the “Private Improvements”). The Private Improvements are expected to be completed in December 2024 and are expected to cost approximately \$1,472,017. The costs of the Private Improvements have been or will be paid entirely by the Developer, without reimbursement by the City, from cash on hand.

The Private Improvements will be owned, operated, and maintained by the HOA. The HOA will provide for the ongoing operation, maintenance, and repair of the Private Improvements through the administration of a property owner’s association fee to be paid by each lot owner within the District. See “OVERLAPPING TAXES AND DEBT – Homeowners’ Association Dues.”

* 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.

Development Plan

The Developer purchased the property constituting the District in February 2022 and is developing such property as a single-family residential community to include approximately 140 50' single-family detached residential lots, an outdoor pavilion, a playground and a community green space and pond (collectively, the "Development"), with substantial completion of all single-family lot development expected to occur by October 31, 2024. See the map and concept plan for the District on page vi. See "THE DEVELOPMENT."

There is only one phase of construction and development, and the Development's improvements are anticipated to be accepted by the City at such time as construction and development is substantially complete. See "THE DEVELOPMENT," and "APPENDIX C – Service and Assessment Plan."

Developer and Homebuilders

The Developer intends to construct improvements on all of the lots in the District and has contracted with the Homebuilders to purchase all of the lots in the District. The Developer anticipates that the Authorized Improvements will be substantially complete by October 31, 2024, with the first lot takedown targeted for October 31, 2024. The Developer began construction of the Authorized Improvements in April 2024. See "THE DEVELOPMENT – Expected Build-Out and Home Prices in the Development." Lot sales and home construction and sales absorption are shown in the schedule below.

The Reserves of Huntsville - Lot Takedown Schedule & Sales Absorption										
Take Down		31-Oct-24	31-Jan-25	30-Apr-25	31-Jul-25	31-Oct-25	31-Jan-26	30-Apr-26	31-Aug-26	30-Nov-26
		1st	2nd	3rd	4th	5th	6th	7th	8th	9th
K Hovnanian Homes	70	9	8	9	9	12	13	10		
Castlerock Homes	70	9	8	9	9	12	13	10		
Total Lots Takedowns	140	18	16	18	18	24	26	20	0	0
Todate		18	34	52	70	94	120	140	140	140
% Lots Held By Developer		87%	76%	63%	50%	33%	14%	0%	0%	0%
Sales Absorption										
K Hovnanian Homes	70		8	8	10	12	8	12	12	
Castlerock Homes	70		8	8	10	12	8	12	12	
	140	0	16	16	20	24	16	24	24	0
Todate		0	16	32	52	76	92	116	140	140
Estimated Average Price \$295,000										

In the Purchase and Sale Agreements ("PSA") entered into between the Developer and the Homebuilders (individually), earnest money events have been established during four separate lot milestone events, the signing of the PSA, the expiration of the Feasibility Period, the receipt of the Notice to Proceed for construction of water, sewer and drainage, and the receipt of the Notice to Proceed for the construction of paving. K Hovnanian has deposited \$669,373 in earnest money and CastleRock Homes has deposited \$669,373 in earnest money. Upon the closing of each lot, the respective Homebuilder will be credited with the amount of earnest money deposited for the last eleven (11) lots.

Expected Build-Out and Home Prices in the Development

The Developer expects to complete the Development in one construction phase with substantially complete lots expected October 31, 2024. The following tables reflect the Developer's expected build-out schedule for lots and estimated prices for homes in the District.

EXPECTED DEVELOPMENT OF THE DISTRICT

<u>Phase</u>	<u>Lot Type</u>	<u>Number of Lots</u>	<u>Improvement Actual Start Date</u>	<u>Improvement Actual/Expected Completion Date</u>
1	50'	140	April 11, 2024	October 31, 2024

ESTIMATED HOME PRICES

<u>Lot Type</u>	<u>Number of Lots</u>	<u>Average Base Home Price</u>
50'	140	\$295,000

Development Agreement

Pursuant to the Development Agreement, the Developer has the right to construct public improvements for the District, including the Authorized Improvements, according to certain rules and regulations of the City, and to be reimbursed for a portion of the costs of such construction from the proceeds of the Assessments and/or the Bonds. The Development Agreement provides certain requirements to be met for each issuance of assessment revenue bonds issued by the City and secured by Assessments on property within the District, including the Bonds (collectively, "PID Bonds"), including that the final maturity of each series of PID Bonds may not occur later than 30 years from the date of issuance of such PID Bonds. Pursuant to the Development Agreement, the City shall implement the PID Bond issue on the basis of an overall lien-to-value ratio of no less than fifty percent (50%) unless mutually agreed by the City and the Developer. In the event a series of PID Bonds cannot be sold and funds released with an overall 50% lien-to-value ratio, the City shall sell the PID Bonds and escrow a portion of the PID Bonds required by the purchaser of the PID Bonds until such time as the Developer can demonstrate, through an MAI appraisal, that an overall 33 1/3% lien-to-value ratio has been obtained, at which point the escrowed PID Bond proceeds will be available to fund costs of Authorized Improvements or to reimburse the Developer.

Reimbursement Agreement

The City and the Developer entered into that certain Reimbursement Agreement, effective as of September 17, 2024 (the "Reimbursement Agreement"), relating to the obligation of the City to pay the Developer for amounts shown on each Certificate for Payment (which amounts include only Actual 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"). 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 Actual Costs directly. PID Bonds issued for such purpose will be secured by and paid solely as authorized by the Indenture. Upon the issuance of PID Bonds for such purpose, Developer's right to receive payments each year in accordance with the Reimbursement Agreement shall be subordinate to the deposits required under the Indenture related to any outstanding PID Bonds. Upon the issuance of the Bonds, Developer has a duty to construct related Authorized Improvements and shall not be relieved of such duty even if there are insufficient funds in the Project Fund to pay Actual Costs.

Upon delivery of the Bonds, the City will cause the Trustee under the Indenture to pay from the proceeds of the 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 District 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 Bonds. If the Developer is then in current compliance with its obligations under the Development Agreement, the Disclosure Agreement of Developer (as defined herein), if applicable, and the Reimbursement Agreement, and is not delinquent in payment of the Assessments and paying property taxes, then following the inspection and approval of any portion of the Authorized Improvements for which Developer seeks reimbursement of the Actual Costs by submission of a Certificate for Payment or City approval of a closing disbursement request in the form attached to the Reimbursement Agreement or as otherwise approved by the City, Developer and Trustee (a "Closing Disbursement Request"), the obligations of the City under the

Reimbursement 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 the Indenture.

Pursuant to the Service and Assessment Plan, the Development Agreement, and the Reimbursement Agreement, the Developer will be responsible for any Actual Costs of Authorized Improvements in excess of the amounts funded with proceeds of the Bonds, without reimbursement by the City. See “THE DEVELOPMENT – Development Agreement.”

Photographs of the District



Zoning/Permitting

Development of the District is governed by the Development Agreement (including the Concept Plan attached thereto and the Development Standards defined therein). The Development Agreement allows single-family residential uses and establishes guidelines pertaining to purpose, height, area, setbacks, aesthetics, landscaping, and use. The City’s Subdivision Regulations (Ordinance No. 2015-33) control the aspects of development not specifically set forth in the Development Agreement.

Education

Students in the District will attend the following schools within Huntsville ISD: Samuel Walker Houston Elementary School (approximately 5.6 miles from the District), Mance Park Middle School (approximately 5.9 miles from the District) and Huntsville High School (approximately 7.7 miles from the District).

GreatSchools.org currently rates Samuel Houston Elementary School 5 out of 10, Mance Park Middle School 5 out of 10, and Huntsville High School 3 out of 10. The Texas Education Agency (“TEA”) accountability rating for Huntsville ISD for the 2021-2022 school year was “C.” According to the TEA annual school report cards, Samuel Houston Elementary School was rated “B,” Mance Park Middle School was rated “B,” and Huntsville High School was rated “C” for the 2021-2022 school year (the last year for which ratings have been published). The categories for public school districts and public schools are A, B, C, D and Not Rated.

Environmental

Site Evaluation. A Phase One Environmental Site Assessment (the “Phase One ESA”) of the property within the District was completed on January 27, 2022. 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.

Endangered Species. According to the website for the Texas Parks & Wildlife, the red-cockaded woodpecker, and whooping crane are endangered species in Walker County. The Developer is not aware of any endangered species located on District property.

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

The Developer does not own the mineral rights, royalty interests, and groundwater rights to property in the District. The Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer is not aware of any interest in real property (including mineral rights) owned by the owners adjacent to the District. In addition, certain rules and regulations of the Texas Railroad Commission may restrict the ability of any mineral owners to explore or develop the property due to well density, acreage, or location issues.

Although the Developer does not expect adjacent property owners to rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Third-Party Property Rights.”

Flood Zone

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Community Panel Number 48471C0355D, effective August 16, 2011, all of the property within the District lies outside of the 500-year flood plain, referred to as Zone X. See “BONDHOLDERS’ RISKS – Flood Plain and Severe Weather Events.”

Water and Wastewater. The City will provide both water and wastewater services to the District. The City’s existing water system is sufficient to serve the District. The City’s wastewater system will be sufficient to serve the District once the Lift Station is completed. The Lift Station is scheduled to be operational in November 2024. See “THE CITY – Water and Wastewater.”

Other Utilities. The Developer expects additional utilities to be provided by: (1) Phone/Data - AT&T and others; (2) Electric - Entergy; Cable - Optimum; and Natural Gas - Center Point Energy.

THE DEVELOPER

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

General

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

Description of the Developer

PHD – Huntsville 34, L.P., a Texas limited partnership, is the Developer and owns the real property located in the District. CBA Strategic Fund II GP, LLC, a Texas limited liability company, is the general partner for the Developer. PHD – Huntsville, LLC, a Texas limited liability company, owns 100% of the Developer's general partner and Paul Garza is its manager.

Paul Hayden Developments & BTR Advisors, LLC manages the development process from start to finish—site selection, project management, construction oversight, execution of capital stack, property disposition and asset management. Paul Garza is the founder and CEO. Mr. Garza has over 30 years of corporate finance, accounting, and management experience. Over the past fifteen years, Mr. Garza has focused on commercial, retail, and residential real estate. Previously, as VP of Accounting & Finance, Mr. Garza helped secure over \$450 million in permanent financing for various organizations. Specifically, Mr. Garza helped a home builder/investor create a 4,000+ single-family rental portfolio SFR in Texas and finance it with \$150 million. Mr. Garza also led a \$500 million office building portfolio merger with a publicly traded REIT. Mr. Garza's background includes business leadership and consulting roles for financial services, construction, land development, healthcare, hospitality, commercial and residential real estate, and non-profit organizations in account, tax, and banking compliance.

Under Mr. Garza's flagship company, Paul Hayden Developments, Mr. Garza has focused primarily on land acquisition and development, especially single-family housing. Besides the Development, Paul Hayden Developments is currently working on a 279-acre, 810-lot development in Corpus Christi, Texas. Mr. Garza works directly with legacy landowners to develop a multi-facet exit strategy including entitlements, best-use land development, and disposition of entitled land. Mr. Garza's current land advisory services cover locations in Central and South Texas.

Additionally, within BTR Advisors, LLC Mr. Garza works directly with sellers and buyers to bring projects to market.

Mr. Garza holds a BBA in Accounting from St. Edwards University, Austin, Texas, and an MBA from the University of Texas – San Antonio.

NEITHER THE BONDS NOR THE ASSESSMENTS CONSTITUTE INDEBTEDNESS OF, NOR ARE THEY GUARANTEED BY, THE DEVELOPER.

Biographies of Key Developer Parties

Paul Garza (Founder and CEO). Paul Garza has over 30 years of corporate finance, accounting, and management experience. Over the past fifteen years, Paul's focus has been on commercial, retail, and residential real estate. In his previous roles as VP of Accounting & Finance, he has supported organizations in securing permanent financing totaling over \$450 million. Specifically, securing financing of \$150 million for a home builder/investor to create over 4,000 single-family rental portfolio SFR in Texas. He also assisted in and managed a real estate team to evaluate a \$500 million office building portfolio merger with a publicly-traded REIT. His background also includes leadership in business consulting roles for financial services, construction, healthcare, hospitality, real estate, and non-profit organizations in the areas of accounting, tax, and banking compliance. Paul is passionate about all aspects of land development. He operates with the singular focus of deploying his experience and highly-qualified team to find every opportunity available to enhance land value for legacy landowners. Paul holds a BBA in Accounting from St. Edwards University in Austin, Texas, and an MBA from the University of Texas – San Antonio.

Paul Connor (Principal and Founder of Connor Investment Real Estate). Paul Connor oversees sourcing properties, evaluating investment potential, capital formation, deal structuring, due diligence, and feasibility of investment opportunities. Prior to starting Connor Investment Real Estate in 2017, Paul worked in roles where he analyzed and structured real estate investments and managed the formation of capital for underwriting purposes. Throughout his career, he has been involved in over \$800 Million of residential and commercial real estate developments and investments. Paul received his BS in Finance and Accounting from the University of Texas at Austin and his JD from the University of Houston.

Philip Guyton. Philip Guyton has over twenty-five years of financial and management experience including financial analysis, business development, engineering, and construction activities. He has extensive experience developing and maintaining proformas for real estate development. He has been directly responsible for raising over \$100 Million in real estate land project funding. Prior to joining Connor Investment Real Estate in 2019, he worked with the largest single-family lot developer in Houston as the Vice President of Finance. Philip received his BCE (engineering) from Auburn University and his MBA from Southern Methodist University.

History and Financing of the District

The Developer was formed for the purpose of, among other things, the acquisition and development of the property within the District consisting of approximately 33.22 acres of real property. Total Partner Cash Contribution of \$1,742,110 was used for the land acquisition and land entitlements. Except for the liens securing the Development Loan (defined below) and a second lien securing the Homebuilders' earnest money deposits, the Developer owns the Assessed Property free and clear of any liens.

Development Financing

The Developer obtained a \$4,000,000 construction/development loan (the "Development Loan") from Susser Bank (the "Development Lender") for the purpose, among other things, of paying taxes, insurance, and certain of the costs associated with the Development. The rate of interest on the Development Loan is equal to the prime interest rate, plus 1.5 basis points (0.015%) and is subject to a floor rate of 6.00%. The Development Loan matures on April 10, 2026. As of August 2024, the Development Loan had a balance of approximately \$3,014,000.

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

The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or before delivery of the Bonds, the Development Lender will acknowledge the creation of the District, the levy of the Assessments, and the subordination of the liens securing the Development Loan to the

Assessment Lien. The Assessment Lien will have priority over the liens on the property in the District securing the Development Loan, Homebuilders’ earnest money, and any other loans that may be obtained by the Developer.

Sufficiency of Developer’s Financing

The Authorized Improvements are expected to be substantially complete by October 31, 2024. According to the Developer, the Developer’s available financing sources are sufficient to fund all of the costs of the District. The Developer’s financing sources include the Development Loan, net proceeds of the Bonds of \$5,195,388, earnest money deposits from the Homebuilders of approximately \$1,338,746, and a Developer equity contribution of \$1,299,925.

The total budgeted costs to construct the Authorized Improvements in the District is approximately \$7,778,563, inclusive of the land acquisition costs of \$1,283,251. The Developer began construction of the Authorized Improvements in April 2024 which are expected to be substantially complete by October 31, 2024. A portion of the costs of such Authorized Improvements is expected to be reimbursed with proceeds of the Bonds.

Below is a summary of Developer’s financing relative to total project cost:

Project Cost (Land, Hard & Soft Cost)	\$ 9,623,052
Less: Reimbursements from Net Bonds Proceeds	<u>\$ (5,195,388)</u>
Required Developer Contribution	\$ 4,427,664
 Developer’s Secured Contribution	
Cash/Equity	\$ 1,299,925
Susser Bank Loan	\$ 4,000,000
Homebuilders’ Earnest Money	<u>\$ 1,338,746</u>
Total Developer’s Contribution	\$ 6,638,671
 Developer’s Contribution Coverage	 150%

To finance the acquisition and development of the District, the Developer and certain third parties, including the Homebuilders, have expended equity or extended promissory notes that are secured by a lien on some or all of the real property within the District that are subordinate to the lien associated with the Assessments securing the Authorized Improvements of the District. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Assessments securing the Authorized Improvements in the District is listed in the following table and more fully described in the subheadings below.

At Risk Entity	Funding Type	Security	Initial Amount	Balance as of August 23, 2024
Developer	Developer's Equity	Subordinate	\$ 1,742,110	\$ 1,742,110
K. Hovnanian Homes	Earnest Money Deposit	Subordinate	\$ 669,373	\$ 454,582
Castlerock Homes	Earnest Money Deposit	Subordinate	\$ 669,373	\$ 454,582
Susser Bank	Land Developer	Subordinate	\$ 4,000,000	\$ 3,014,719

THE PID ADMINISTRATOR

The following information has been provided by the PID Administrator. Certain of the following information is beyond the direct knowledge of the City, the City’s Financial Advisor, and the Underwriter, and none of the City, the City’s Financial Advisor or the Underwriter have any way of guaranteeing the accuracy of such information.

The City has selected David Taussig & Associates (“DTA”) as the initial “PID Administrator.” The City has entered into an agreement with the PID Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The PID Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The PID Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Newport Beach, San Jose, San Francisco, Riverside, Dallas, Houston, Raleigh, and Tampa.

The PID Administrator’s duties will include:

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

APPRAISAL

General. Barletta & Associates, Inc. (the “Appraiser”) prepared an appraisal report for the City and the Underwriter dated as of February 15, 2024, based upon a physical inspection of the District conducted on February 13, 2024 (the “Appraisal”).* The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See “APPENDIX F — Appraisal.”

Value Estimates. The Appraiser estimated the “Upon Completion” Bulk Market Value of the fee simple interest in the various tracts within the District under certain hypothetical conditions. The Appraisal does reflect the value of the District as if sold to a single purchaser in a single transaction. See “APPENDIX F — Appraisal.”

The “Upon Completion” Bulk Market Value estimate for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of July 31, 2024 is \$7,570,000. For purposes of the value to lien calculation for the Bonds, the City is relying upon the retail revenue of \$9,163,000 set forth in the Appraisal. See “APPENDIX F — Appraisal.”

None of the City, the Developer or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

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

* The Appraisal lists Adams Homes and K Hovnanian Homes as the two homebuilders within the District. Adams Homes has since been replaced by CastleRock Homes.

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 ASSETS 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 ASSETS 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 ASSETS COMPRISING THE TRUST ESTATE.

The ability of the City to pay debt service on the Bonds from the Pledged Revenues or Trust Estate as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within the District, (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 lots within the District should proceed more slowly than expected and the Developer is unable to pay the Assessments, only the value of the Assessed Property, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within the District. There is no assurance that the value of such lands will be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

The City has not applied for or received a rating on the Bonds. Although it is common for PID bonds to be issued without a rating, the absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

Deemed Representations and Acknowledgment by Purchasers

Each Investor will be deemed to have acknowledged and represented to the City the matters set forth under the heading "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading "BONDHOLDERS' RISKS" and elsewhere herein, and such Investor, either alone or with its purchaser representative(s) (as defined in Rule 501(h) of Regulation D under the Securities Act of 1933), has

sophisticated knowledge and experience in financial and business matters and the capacity to evaluate such risks in making an informed investment decision to purchase the Bonds, and the Investor can afford a complete loss of its investment in the Bonds.

Failure or Inability to Complete Proposed Development

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

Completion of Homes

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

Absorption Rate

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

The Homebuilders expect to construct homes on all of the lots in the District. Consequently, the Developer will not be able to affect or control the absorption rates of the homes in the District.

Assessment Limitations

Annual Installments of Assessments are billed to property owners of Assessed Property. 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.” Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, interest, and the Annual Collection Costs for such year. See “ASSESSMENT PROCEDURES.” The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by

property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of 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 the District, 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.”

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

Based upon the language of Texas Local Government Code, 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.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer will own 100% of the property within the District at the time the Assessments are levied, and will not be eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

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

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

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

Depletion of Reserve Fund; No Prefunding of Delinquency & Prepayment Reserve Account

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency & Prepayment Reserve Account of the Reserve Fund is not funded from proceeds of the Bonds. Instead, funding of the Delinquency & Prepayment Reserve Account is accumulated over time, by the mechanism described in "SECURITY FOR THE BONDS – Delinquency & Prepayment Reserve Account of the Reserve Fund." The Indenture provides that if after a withdrawal from the Reserve Account the amounts therein are less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account sufficient to cure such deficiency. The Indenture also provides that if the amount on deposit in the Delinquency & Prepayment Reserve Account shall at any time be less than the Delinquency & Prepayment Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account; provided, however, that the City shall not be required to replenish the Delinquency & Prepayment Reserve Account in the event funds are transferred from the Delinquency & Prepayment Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment, as described under "SECURITY FOR THE BONDS – Reserve Account of the Reserve Fund."

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 consider 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 a Phase One ESA performed on the property within the District.

Regulation

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

Recent Changes in State Law Regarding Public Improvement Districts

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or the Homebuilders do not provide the required notice and prospective purchasers of property within the District terminate a purchase and sale contract, the anticipated absorption schedule may be affected. In addition to the right to terminate the purchase contract, a property owner who did not receive the required notice is entitled, after sale, to sue for damages for (i) all costs relative to the purchase, plus interest and reasonable attorney’s fees, or (ii) an amount not to exceed \$5,000, plus reasonable attorney’s fees. In a suit filed pursuant to clause (i), any damages awarded must go first to pay any outstanding liens on the property. In such an event, the outstanding Assessments on such property may be paid. On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or the Homebuilders do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached as appendices to the Service and Assessment Plan. See “APPENDIX C – Service and Assessment Plan.”

Potential Future Changes in State Law Regarding Public Improvement Districts

During past Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments, including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. It is impossible to predict what bills may be introduced during upcoming legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

Flood Plain and Severe Weather Events

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Community Panel Number 48471C0355D, all of the property within the District lies outside of the 500-year flood plain, referred to as Zone X.

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 500-year flood plain from being included in the 500-year or 100-year flood plain in the future, or whether extreme flooding events may occur more often than assumed in creating the rate maps.

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains and freezes, including events similar to the severe winter storm that the continental United States experienced in February 2021, which resulted in disruptions in the Electric Reliability Council of Texas power grid and prolonged blackouts throughout the State. It is impossible to predict whether similar events will occur in the future and the impact they may have on the City, including land within the District.

Exercise of Third-Party Property Rights

As described under “THE DEVELOPMENT – Existing Mineral and Groundwater Rights, Easements and Other Third-Party Property Rights,” none of the mineral rights, royalty interests, and easement reservations located within the District are owned by the Developer.

The Developer does not expect the existence or exercise of any third-party rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Assessments. However, none of the City, the City’s Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may proceed, and upon the written request of the Owners of at least a Quarter in Interest of the Bonds then Outstanding thereunder and its receipt of indemnity satisfactory to it 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 any action for money damages against the City shall be limited to recovery from the Trust Estate may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS – Bankruptcy Limitation to Bondholders’ Rights.”

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

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language.

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“*Wasson*”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the *Wasson* opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed *Wasson* for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a 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 the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments, and the Assessments may be adversely affected by the

effects of market conditions on the 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 expressly denies the right of acceleration in the event of a payment default or other default under the terms of the Bonds or the Indenture.

Limited Secondary Market for the Bonds

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of the District subject to the Assessments, existing real estate and financial market conditions, and other factors.

No Credit Rating

The City has not applied for or received a rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. Although common when issuing PID bonds, the absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. 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 or affiliated property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer, homebuilder, or new officers in management positions may not have comparable experience in projects comparable to the Development.

Tax-Exempt Status of the Bonds

The Indenture 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,” interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Indenture.

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

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

General Risks of Real Estate Investment and Development

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

The ability of the Developer to develop lots and the Homebuilders to 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 District, 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 District will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the District, 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 District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

The Development cannot be completed without the Developer obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of the Authorized Improvements 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 District because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer, the Homebuilders, and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within the District in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Risks Related to the Current Residential Real Estate Market

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

Risks Related to Recent Increase in Costs of Building Materials

As a result of low supply, high demand and the ongoing trade war, there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in the District are substantially higher than the estimated costs or if the Homebuilders are unable to access building materials in a timely manner, it may affect the ability of the Homebuilders to complete the construction of homes or pay the Assessments when due. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the District.

Competition

The housing industry in the Houston 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 throughout the District will be completed in accordance with the Developer's expectations. The successful development of the land within the District, the success of the Development, and the sale of residential units therein, once such homes are built, may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market, and other factors beyond the control of the Developer. The competitive position of the Developer in the 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.

To the Developer's knowledge, there are no competitive projects within a 5-mile radius of the Development at this time. However, 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 become able to compete with the Development.

Availability of Utilities

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

Use of Appraisal

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's forecasts for properties in the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

In performing its analyses, the Appraiser has made numerous assumptions with respect to general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser's, Underwriter's and City's control, as well as to certain factual matters. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. The Appraiser has consented to the use of the Appraisal in this Limited Offering Memorandum in connection with the issuance of the Bonds. No other use or user of the Appraisal is permitted by any other party for any other purpose.

Dependence Upon Developer

The Developer will own all of the Assessed Property in the District until lots begin to be sold to the Homebuilders. Sales to Homebuilders are expected to be complete in July 2026. The Developer expects to own approximately 76% of the Assessed Property on the date the first Annual Installments of the Assessments become due on January 31, 2025. Accordingly, the Developer expects to have the obligation for payment of approximately 76% of such Annual Installments. The ability of the Developer to make full and timely payment of its portion 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.

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for a portion of the project costs actually incurred in developing and constructing the Authorized Improvements within the District. See "THE AUTHORIZED IMPROVEMENTS." There can be no assurances given as to the financial ability of the Developer to complete the Authorized Improvements or any other improvements.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., 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) the City's federal tax certificate, and (b) covenants of the City with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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 the covenants and the requirements described in the preceding paragraph, 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. The 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 such 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 facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the City that it deems relevant to render such opinion and is not a guarantee of a result. 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 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 Law, which is 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.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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 Internal Revenue Service. 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 foreign investors, 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. Jackson Walker L.L.P. 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 Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the 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 for the last paragraph under the subcaption "General"), "ASSESSMENT PROCEDURES" (except for the first paragraph under the subcaption "General" and the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings," "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" and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation – The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the City affecting the existence of the District, or seeking to restrain or to enjoin the sale or delivery of the Bonds, the application of the proceeds thereof, in accordance with the Indenture, or the collection or application of the Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Ordinance, the Indenture, any action of the City contemplated by any of the said documents, or the collection or application of the 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 general partner or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, the Reimbursement Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds. Additionally, principals of Developer and their affiliated entities have been (but are not currently) parties

to pending and threatened litigation related to their commercial and real estate development activities. Such litigation occurs in the ordinary course of business and is not expected to have a Material Adverse Effect.

SUITABILITY FOR INVESTMENT

Investment in the Bonds poses certain economic risks. See “BONDHOLDERS’ RISKS.” the Bonds are not 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.

CYBERSECURITY RISKS

The City, like other municipalities in the State, utilizes technology in conducting its operations. As a user of technology, the City potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the City may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the City. The City employs a multi-layered approach to combating cybersecurity threats. While the City deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the City’s finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial. Further, cybersecurity breaches could expose the City to litigation and other legal risks, which could cause the City to incur other costs related to such legal claims or proceedings.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the PID Administrator and BOKF, NA (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”) for the benefit of the Owners of the 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.

The Developer

The Developer, the PID Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the "Disclosure Agreement of Developer") for the benefit of the Owners of the 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 Authorized Improvements (collectively, the "Developer Reports"). The specific nature of the information to be contained in the Developer Reports is set forth in "APPENDIX E-2 – Form of Disclosure Agreement of Developer." Under certain circumstances, the failure of the Developer or the 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 prepare and provide (i) certain updated information to the PID Administrator, which consultant will prepare and provide such updated information in report form to the Dissemination Agent 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 not previously entered into to a continuing disclosure agreement made by it in accordance with the Rule.

UNDERWRITING

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the 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 of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those 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 "AAA-m" 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 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 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 BOKF, NA, 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 <https://www.bokfinancial.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 Development and the Developer generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE – Overview," "– Development Plan," and "– Developer and Homebuilders," "OVERLAPPING TAXES AND DEBT – Homeowners' Association Dues," "THE AUTHORIZED IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Authorized Improvements, and the Development), "LEGAL MATTERS – Litigation – The Developer," and "APPENDIX E-2" have been provided by the Developer.

Experts

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

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

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND THE SURROUNDING AREA

The following information has been provided for informational purposes only.

Location

The City (founded in 1845) is the county seat and principal commercial center of Walker County, Texas, which is in the southeastern corner of Texas. The City is approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The City encompasses an area of approximately 31 square miles.

The City's 2020 census population was 45,491, increasing 19.2% since 2010. Population estimates include inmates within the Texas Department of Criminal Justice ("T.D.C.J.") System located within the City limits. T.D.C.J. headquarters and five of its main units are located in the City.

Population History⁽¹⁾

	1980 Census	1990 Census	2000 Census	2010 Census	2020 Census
Huntsville	23,463	27,925	35,078 ⁽²⁾	38,548	45,491
Walker County	41,789	50,917	61,758	67,861	76,400

⁽¹⁾ Source: U.S. Census Bureau.

⁽²⁾ In 1994 and 1997, the City annexed property increasing the population to an estimated 34,592.

Economy

The economy is based on education, state employment in the prison system, lumbering, agribusiness and tourism. The principal sources of agricultural income are livestock, hay, blueberries and timber.

Employment/Labor Force

	Average Annual				
City of Huntsville	2024 ⁽¹⁾	2023	2022	2021 ⁽²⁾	2020 ⁽²⁾
Civilian Labor Force	12,247	12,026	11,897	11,920	11,936
Total Employed	11,493	11,375	11,242	11,079	10,938
Total Unemployed	754	651	655	841	998
Unemployment Rate	6.2%	5.4%	5.5%	7.1%	8.4%

	Average Annual				
Walker County	2024 ⁽¹⁾	2023	2022	2021 ⁽²⁾	2020 ⁽²⁾
Civilian Labor Force	24,638	24,262	24,019	24,049	23,982
Total Employed	23,388	23,148	22,877	22,545	22,258
Total Unemployed	1,250	1,114	1,142	1,504	1,724
Unemployment Rate	5.1%	4.6%	4.8%	6.3%	7.2%

⁽¹⁾ Data through February 2024.

⁽²⁾ The COVID-19 Pandemic negatively affected travel, commerce, employment rates and financial markets globally.

Source: Texas Labor Market Information.

Leading Employers in the City

Name	Product/Service	Local Employees	Year Established	Union
Texas Department of Criminal Justice	State Prison Administration	6,061	1848	No
Sam Houston State University	Education	3,941	1879	No
Huntsville I.S.D.	Education	1,486	1888	No
Huntsville Memorial Hospital	Medical	623	1927	No
Wal-Mart	Retail	485	1979	No
Winham School District	Education (TDCJ)	480	1969	No
HEB	Grocery	350	1905	No
City of Huntsville	Municipality	296	1845	No
Weatherford Completion Services	Manufacturing	262	1996	No
Walker County	Government	229	1846	No

Texas Department of Criminal Justice

The headquarters for the Texas Department of Corrections is located in the City. In addition, located in or near the City are the following institutional prison units:

Unit	Unit Capacity	Population	Employees
In City Limits			
Byrd	1,365	853	282
Goree	1,321	884	315
Holliday	2,128	1,768	435
Huntsville	1,705	1,265	446
Wynne	2,621	2,587	679
Outside City Limits			
Ellis	2,482	1,996	604
Estelle	3,480	2,976	980

Sam Houston State University

Sam Houston State, located in the City, was the first teacher training facility in the State and is noted for its unique Criminal Justice Center, only the second of its kind in the nation. The University has an approximate enrollment of 21,000.

Education

Huntsville Independent School District, which ranks as the 91st largest district in Texas, encompasses an area of 629.27 square miles, and includes the City of Huntsville. Some nine campuses provide education for approximately 16,900 students from pre-kindergarten through twelfth grade.

Utilities

Electric power is furnished by Entergy, and Mid-South Electric Cooperative; gas is provided by Reliant Energy; water and wastewater service is distributed by the City of Huntsville; and telephone service is provided by AT&T.

Transportation

Huntsville is traversed by Interstate Highway 45, U.S. Highway 190, State Highways 19 and 30, and numerous farm-to-market roads. The City is serviced by Missouri Pacific Railroad Company, Tex-Pack Express, Missouri Pacific Truck Lines, Central Freight Lines, and Red Arrow Freight Lines. Greyhound Trailways also provides bus service to the City.

Huntsville Municipal Airport provides a 5,000-foot asphalt runway for air traffic in the area. The nearest airport with commercial passenger service is 55 miles away at Houston Intercontinental Airport.

Recreation

Sam Houston National Forest (covers 53,461 acres) and Huntsville State Park provide facilities for hunting and camping. Sam Houston Museum and the 77-foot tall statue of Sam Houston on Interstate 45, attracts tourist income. Fishing, boating, and other water activities on Lakes Livingston and Conroe provide recreation for the City.

Building Permits

Fiscal Year	Commercial Construction		Residential Construction	
	Number of Units	Value	Number of Units	Value
2019	127	\$ 54,639,370	147	\$ 11,418,542
2020	116	3,936,485	254	24,762,220
2021	176	74,715,949	327	35,044,096
2022	122	65,563,129	430	60,134,277
2023	54	37,522,202	177	18,521,847

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APPENDIX B
FORM OF INDENTURE

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APPENDIX C
SERVICE AND ASSESSMENT PLAN

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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APPENDIX F
APPRAISAL

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CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 2.e.

Agenda Item: Consider Resolution 2024-21 accepting the Preliminary Service and Assessment Plan for the Reserves of Huntsville Public Improvement District; Setting a date for a public hearing; Authorizing the publication of notice; and enacting other provisions related thereto.

Initiating Department/Presenter: Development Services

Presenter:

Kevin Byal, Director of Development Services

Recommended Motion: Move to approve resolution 2024-21 accepting the Preliminary Service and Assessment Plan for the Reserves of Huntsville Public Improvement District; Setting a date for a public hearing; Authorizing the publication of notice; and enacting other provisions related thereto.

Strategic Initiative: Strategic Priority #4, Infrastructure - Develop and maintain a comprehensive and well-planned infrastructure network that prepares for the challenges of the future and provides quality, modern and efficient, water, wastewater, drainage and transportation services.

Discussion: DTA Public Finance, the city's Public Improvement District (PID) administrator, prepared the Preliminary Service and Assessment Plan (PSAP) for the Reserves of Huntsville PID. The PSAP was created in accordance with Chapter 372 of the Texas Local Government Code (TLGC) which requires that the PSAP must (i) cover a period of 5 years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code. Once adopted, the governing body of the municipality shall review and update the service plan annually for the purpose of determining the annual budget for improvements.

The attached PSAP is the basic framework that will be implemented to guide the infrastructure finance component and subsequent assessment roll and anticipated annual installments for each property within the PID. Since market rates fluctuate frequently, the final Service and Assessment Plan (SAP) will be presented to the City Council for adoption once the financing bonds are ready to be issued and exact interest rates are known. The PSAP states that it is anticipated each property owner will pay an annual PID assessment of an estimated \$3,967.07, which is a tax rate equivalent to \$1.3448 per \$100 valuation.

This Resolution also sets a Public Hearing date to be held at the October 15, 2024, City Council meeting at 6:00pm, regarding the levy of assessments pursuant to the Preliminary Service and Assessment Plan and Proposed Assessment Rolls.

Previous Council Action: December 21, 2021 – City Council voted to approve the concept of creating a Public Improvement District for this specific project.

February 1, 2022 – City Council approved resolution 2022-5 setting a public hearing date to solicit public input concerning the creation of Public Improvement District (PID) No. 1 for the Reserves of Huntsville.

March 1, 2022 – City Council held a public hearing giving the public an opportunity to comment on the

creation of the proposed PID.

August 16, 2022 – City Council approved Resolution 2022-23, a resolution creating "The Reserves of Huntsville" Public Improvement District (PID) in accordance with Chapter 372 of the Texas Local Government Code as amended, to create a public improvement district within the corporate limits of Huntsville and authorized the City Manager to enter into a development agreement with the developer.

May 7, 2024 - City Council authorized the City Manager to enter into a reimbursement agreement with the developer.

Financial Implications: The financial impact of any action the Council considers will be included in the PID assessment.

Approvals:

Kevin Byal
Leonard Schneider
Sam Masiel
Aron Kulhavy
Kristy Doll

Associated Information:

1. Resolution_2024-21 Accepting and Calling Hearing on Preliminary SAP
2. Exhibit A-Preliminary Service & Assessment Plan
3. Exhibit B-Public Hearing Date on Preliminary SAP

RESOLUTION NO. 2024-21

A RESOLUTION ACCEPTING THE PRELIMINARY SERVICE AND ASSESSMENT PLAN FOR RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT; SETTING A DATE FOR A PUBLIC HEARING; AUTHORIZING THE PUBLICATION OF NOTICE; AND ENACTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, on January 17, 2022, the City of Huntsville ("City") received a petition meeting the requirements of Sec. 372.005 of the Public Improvement District Assessment Act (the "Act") for the establishment of a public improvement district (the "Petition") for the area to be known as "Reserves of Huntsville Public Improvement District" (the "District");

WHEREAS, the Petition calls for the District to undertake certain improvement projects for the development of the property (the "Improvement Project") within the District, the costs of such Improvement Project to be paid from the City's levy and collection of assessments on property within the District that is benefited by the Improvement Project:

WHEREAS, the City properly called a public hearing on the Petition of the District;

WHEREAS, on the 16th day of August, 2022, the City passed a resolution creating the District;

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

WHEREAS, DTA, Inc. ("DTA") has been engaged by the City to prepare an initial service plan for the District;

WHEREAS, in consultation with the City, the Developer, and their respective representatives, DTA has prepared a Preliminary Service and Assessment Plan for the District (the "Preliminary Service and Assessment Plan"), which provides an assessment plan for the District, identifies the nature of the Improvement Project to be undertaken by the City, identifies the boundaries of the District, and estimates the projected annual improvement costs;

WHEREAS, DTA has also prepared the Proposed Assessment Rolls that identify the parcels to be assessed and apportions the total costs of the Improvement Project to be assessed in the District;

WHEREAS, a copy of the Preliminary Service and Assessment Plan and the Proposed Assessment Rolls is attached as Exhibit "A";

WHEREAS, the Preliminary Service and Assessment Plan provides for the method of assessment of the costs of the Improvement Project;

WHEREAS, the Proposed Assessment Rolls set forth the proposed assessments against each benefited parcel of real property in the District and is attached to the Preliminary Service and Assessment Plan;

WHEREAS, the City Council notes that the Preliminary Service and Assessment Plan may be amended with such changes as the City Council deems appropriate before such

Preliminary Service and Assessment Plan is adopted by the City Council;

WHEREAS, pursuant to Section 372.016 of the Act, the City has determined to call a public hearing regarding the levy of assessments pursuant to the Preliminary Service and Assessment Plan and Proposed Assessment Rolls;

WHEREAS, pursuant to Section 372.016 of the Act, the City desires to publish notice of a public hearing to consider adopting the Proposed Assessment Rolls and the Preliminary Service and Assessment Plan (the "Notice") in order to provide notice to all interested parties of the City's proposed levy of assessments against property in the District;

WHEREAS, a copy of the Notice is attached hereto as Exhibit "B"; and

WHEREAS, the City desires to file the Proposed Assessment Rolls with the City Secretary such that they are available for public inspection.

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

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

Section 2. Calling Public Hearing. The City Council hereby calls a public hearing for 6:00 p. m. on October 15, 2024 at the regular meeting place of the City Council of the City of Huntsville, Texas, New Service Center, 448 State Highway 75 North Huntsville, Texas 77320, to consider approving the Preliminary Service and Assessment Plan, with such changes and amendments as the City Council deems necessary, and the Proposed Assessment Rolls with such amendments to the assessments on any parcel as the City Council deems necessary as the final Service and Assessment Plan and Assessment Rolls of the District, respectively. After all objections made at such hearing have been heard, the City Council may (1) levy the assessments as special assessments against each benefitted parcel of property in the District as set forth in the Proposed Assessment Rolls; (ii) specify the method of payment of the assessment; and (iii) provide that assessments be paid in periodic installments. Notice of the hearing setting out the matters required by Section 372.016 of the Act shall be given by publication at least ten (10) days before the date of the hearing, in a newspaper of general circulation in the City and its extraterritorial jurisdiction. Notice of such hearing shall also be given by the City Secretary, by mailing a copy of the notice containing the information required by Section 372.016(b) of the Act at least ten (10) days prior to the hearing to the current address of each owner of property liable for an assessment in the Proposed Assessment Rolls as reflected on the tax rolls of the Walker County Appraisal District. All residents and property owners within the District, and all other persons, are hereby invited to appear in person, or by their attorney, and contend for or contest the Proposed Assessment Rolls, and the proposed assessments and offer testimony pertinent to any issue presented on the amount of the assessments, purpose of the assessments, special benefit of the assessments, and the costs of collection and the penalties and interest on delinquent assessments. At or on the adjournment of the hearing conducted pursuant to Sectary City Council desires to make certain determinations and findings ion 372.016 on the proposed assessments, the governing body of the municipality must hear and pass on any objection to a proposed assessment. The governing body may amend a proposed assessment on any parcel. The failure of a property owner to receive actual notice does not invalidate the proceeding.

Section 3. Conduct of Public Hearing. The City Council of the City shall convene at

the location and at the time specified in the notice described above for the public hearing and shall conduct the public hearing in connection with its approval of the Service and Assessment Plan and the Assessment Rolls of the District and the levy of the proposed assessments, including costs of collection, penalties and interest on delinquent assessments. At such public hearing, the City Council of the City will hear and pass on any objections to the Proposed Assessment Rolls and the levy of the proposed assessments (which objections may be written or oral). At or on the adjournment of the hearing, Council may amend a proposed assessment on any parcel. After all objections, if any, have been heard and passed upon, the City may (i) levy the assessments as special assessments against each parcel of property in the District as set forth in the Proposed Assessment Rolls, (ii) specify the method of payment of the assessment, and (iii) provide that the assessments be paid in periodic installments.

Section 4. Filing of Plans and Assessment Rolls. The Proposed Assessment Rolls shall be filed in the office of the City Secretary and be made available to any member of the public who wishes to inspect the same.

[Remainder of page left blank intentionally.]

PASSED, APPROVED AND ADOPTED on this 1st day of October, 2024.

Russell Humphrey, Mayor
City of Huntsville, Texas

ATTEST:

Kristy Doll, City Secretary
City of Huntsville, Texas

Approved as to form:

Leonard Schneider, City Attorney
City of Huntsville, Texas



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PRELIMINARY SERVICE AND ASSESSMENT PLAN

CITY OF HUNTSVILLE, TX

THE RESERVES PUBLIC IMPROVEMENT
DISTRICT

Report Date: September 12, 2024

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds

*Newport Beach | San Jose | San Francisco | Riverside
Dallas | Houston | Raleigh | Tampa*

CITY OF HUNTSVILLE



PRELIMINARY SERVICE AND ASSESSMENT PLAN THE RESERVES PUBLIC IMPROVEMENT DISTRICT

Prepared for:

City of Huntsville

1212 Avenue M

Huntsville, Texas 77340

Attn: Kevin Byal, Director of Development Services/Building Official

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I INTRODUCTION

On August 16, 2022 (the “**Creation Date**”), the City Council of the City of Huntsville, Texas (the “**City**”) passed Resolution No. 2022-23 approving and authorizing the creation of The Reserves Public Improvement District (the “**PID**” or “**District**”), to finance the costs of certain public improvements for the benefit of property in the PID (the “**Authorized Improvement(s)**”), of which 33.22 acres are currently located in the City.

Chapter 372 of the Texas Local Government Code, Improvement Districts in municipalities and counties (as amended, the “**PID Act**”), governs the creation of public improvement districts within the State of Texas. This Preliminary Service and Assessment Plan has been prepared pursuant to the PID Act. According to the PID Act, a Service Plan “must (i) cover a period of 5 years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code”. The governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The Service Plan is described in **Section V** of this Preliminary Service and Assessment Plan.

The Assessment Roll for the District is attached hereto as **Appendix A**, and identifies the Assessment and anticipated Annual Installments for each property. The Assessments as shown on the Assessment Roll are based on the method of assessment described in **Section VI** of this Preliminary Service and Assessment Plan. A copy of the notice required by Section 5.014 of the Texas Property Code is attached hereto as **Appendix B**; this notice will also be included in all future annual updates to the Service and Assessment Plan.

II DEFINITIONS

Capitalized terms shall have the meanings ascribed to them as follows:

"Actual Cost(s)" means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certificate for Payment that has been reviewed and approved by the City. Actual Cost may include: (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction, and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, as limited below; (b) the costs of preparing the construction plans for such Authorized Improvement; (c) the fees paid for obtaining permits, licenses, or other governmental approvals for such Authorized Improvement; (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting, and similar professional services; (e) the costs of all labor, bonds, and materials incurred by contractors, builders, and material men in connection with the acquisition, construction, or implementation of the Authorized Improvements; and (f) all related permitting, zoning, and public approval expenses, architectural, engineering, and consulting fees, financing charges, taxes, governmental fees, and charges (including inspection fees, City permit fees, development fees), insurance premiums, miscellaneous expenses.

Actual Costs include general contractor's fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to 5.0% of the eligible Actual Costs described in a Certificate for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

"Additional Interest" means the incremental interest rate charged on the Assessments securing PID Bonds in excess of the interest rate charged on the PID Bonds issued by the City, not to exceed 0.50% as authorized pursuant to the PID Act and further described in **Section VI(F)**. Additional Interest shall be charged at the rate specified in the Development Agreement or Indenture, whichever governs, as amended.

"Administrative Expenses" means the portion of the Annual Installment collected for the administrative, organizational, and operation costs and expenses associated with, or incident to, the administration, organization, and operation of the PID. Administrative Expenses include, but are not limited to, the costs of:

- i. Hiring legal counsel, engineers, accountants, financial advisors, investment bankers, or other consultants and advisors;

- ii. Creating and organizing the PID (including engineering fees, legal fees, and consultant fees), preparing the Assessment Roll, and preparing the Annual Service Plan Update;
- iii. Computing, levying, collecting, and transmitting the Assessments or the Annual Installments thereof, including foreclosure and maintaining a record of installments, payments, and reallocations and/or cancellations of the Assessments;
- iv. Investing or depositing the Assessments or other monies;
- v. Complying with the PID Act and arbitrage requirements;
- vi. Paying the paying agent/registrar's and trustee's fees and expenses (including the fees and expenses of its legal counsel) related to the PID Bonds; and
- vii. Complying with continuing disclosure obligations.

"Administrator" means the City or a third party whom the City designates by contract who shall have the responsibilities provided for herein. The City has selected DTA, Inc. as the Administrator.

"Annual Installment(s)" means, with respect to each parcel of Assessed Property, each annual payment of: (i) annual principal amount due on the Assessments, (ii) annual interest amount due on the Assessments including the Additional Interest, as applicable, as set forth herein, and (iii) Administrative Expenses.

"Annual Service Plan Update" has the meaning set forth in **Section V** of this Preliminary Service and Assessment Plan.

"Assessed Property" means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown on the applicable Assessment Roll and as the Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all parcels or Lots within the PID other than Non-Benefited Property.

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

"Assessment Ordinance" means an Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

"Assessment Revenues" means the revenues actually received by or on behalf of the City from the collection of Assessments.

"Assessment Roll" means the Assessment Roll attached hereto as **Appendix A** identifying the Assessment and anticipated Annual Installments for each parcel or Lot, or any other Assessment Roll as set forth in an amendment or supplement to this Preliminary Service and Assessment Plan or in an Annual Service Plan Update.

"Authorized Improvement Costs" mean the budgeted costs, as applicable, of all or any portion of the Authorized Improvements, as described in **Section IV**.

"Authorized Improvements" means those improvements (i) listed in **Table IV-1** and described in **Section IV(A)**, authorized by **Section 372.003** of the PID Act, acquired, constructed, or installed in accordance with this SAP, as may be amended pursuant to any Annual Service Plan Updates and/or amended and restated SAP, and (ii) for which Assessments are levied against the Assessed Property receiving a special benefit from such improvements.

"Build-out" means, for the District, that all Assessed Property expected to be developed within the District has been constructed, as determined by the City and based on assumptions provided by the Developer. Although the actual unit counts and assessed value at Build-out may vary from the estimates identified in **Table VI-1** of this SAP, the initial Assessment allocation for each Lot Type as set forth in this SAP will not change and any adjustments to unit counts or assessed value at Build-out resulting in an allocation of the Assessment that exceeds the Assessment for the Lot Type as set forth in this SAP shall require a Mandatory Prepayment as outlined in **Section VII**.

"Certificate for Payment" means the certificate to be provided by the Owner, or the Owner's designee, to substantiate the Actual Cost of one or more Authorized Improvements, as described in the Indenture.

"City" means the City of Huntsville, Texas.

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

"Delinquency and Prepayment Reserve" means a reserve amount to be funded from the Additional Interest collected each year as more fully described in **Section VI(I)** of this Preliminary Service and Assessment Plan.

"Delinquent Collection Costs" means interest, penalties, and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney's fees, and any third-party costs paid or incurred by the City as a result of any delinquency of an Assessment.

"Developer" means, collectively, PHD-Huntsville 34, L.P., or their respective successors and assigns.

"Development Agreement" means The Reserves Development Agreement by and among the City and the Owner dated November 9, 2022, including any subsequent amendments.

"Fiscal Year" or "FY" means the 12-month period starting October 1 and ending September 30.

"Indenture" means one or more indentures of trust or similar document setting forth the terms and other provisions relating to the PID Bonds, as modified, amended, and/or supplemented from time to time.

"Lot" means a tract of land that is (i) a "lot" in a final subdivision plat recorded in the official records of Walker County, Texas, (ii) tract of land identified in a development/concept plan anticipated to be described as a "lot" in a final recorded subdivision plat or (iii) tract of land identified in preliminary plat anticipated to be described as a "lot" in a final recorded subdivision plat, and such (i), (ii), or (iii) is the basis for the determination of benefit and the levy of Assessments.

"Lot Type" means a classification of final building Lots with similar characteristics as determined or approved by the Administrator and confirmed by the City Council. Lots within the PID shall be classified as "50'-wide Lot," encompassing all Lots with a typical lot width of 50 feet, as determined from the final subdivision plat/plotting plan attached hereto as **Appendix D**. The Administrator's classifications shall be final.

"Non-Benefited Property" means the property that accrues no special benefit from the Authorized Improvements. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in **Section VII.C.3**.

"Non-Eligible Improvement Costs" mean the budgeted costs, as applicable, of all or any portion of the Non-Eligible Improvements, as described in **Section IV**.

"Non-Eligible Improvements" means those improvements listed in **Table IV-1** that are constructed and/or installed in connection with the development of property within the PID that are not permitted by **Section 372.003** of the PID Act. Non-Eligible Improvements will be paid for entirely by the Developer and will not be eligible to be funded through either PID Bond proceeds or Annual Installment revenues.

"Owner" means, collectively, PHD-Huntsville 34, L.P., a Texas limited liability company, or their respective successors and assigns.

"Parcel(s)" means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Walker Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Walker County.

"PID" has the meaning set forth in **Section I** of this Preliminary Service and Assessment Plan.

"PID Act" has the meaning set forth in **Section I** of this Preliminary Service and Assessment Plan.

"PID Bonds" means one or more series of bonds issued to fund the Actual Costs of the Authorized Improvements (or a portion thereof). In connection with the issuance of PID Bonds, Assessments will be levied only on Assessed Property, other than Non-Benefited Property.

"Prepayment Costs" means interest (including Additional Interest) and Administrative Expenses incurred up to the date of prepayment of an Assessment.

"Service and Assessment Plan" or **"SAP"** means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, and as may be updated or amended from time to time.

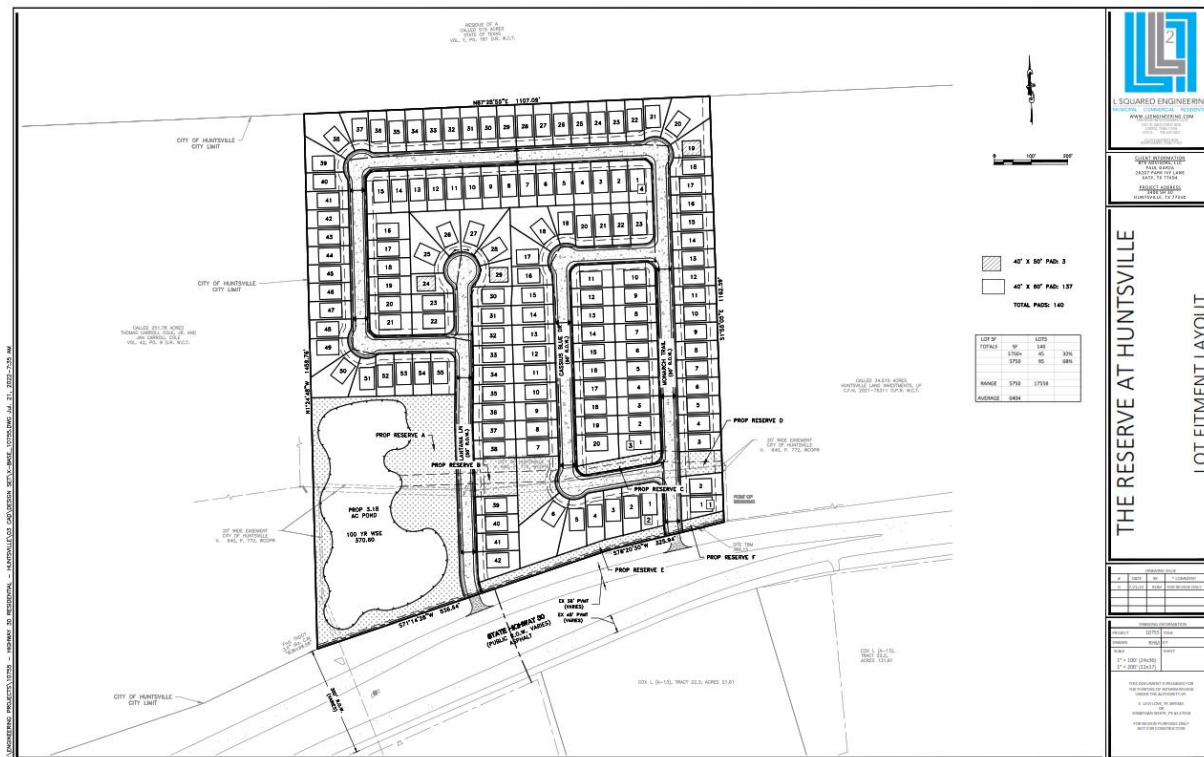
"Trustee" means the trustee as specified in the Indenture, including a substitute or successor trustee.

III PROPERTY INCLUDED IN THE PID

The PID is located entirely within the City and contains approximately 33.22 total acres of land. Legal descriptions of the boundaries of the PID are included in **Appendix C**.

A site plan of the property within the PID is shown below in Figure III-1. At completion, the PID is expected to consist of approximately 140 single-family residential units as well as the infrastructure necessary to provide roadways, landscaping, drainage, and utilities to the property within the PID. The estimated number of Lots (140) and the classification of each Lot to a Lot Type are based upon the proposed development plan provided by the Developer, attached hereto as **Appendix D**.

Figure III-1: PID Site Plan



IV DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

Section 372.003 of the PID Act defines the Authorized Improvements that may be undertaken by the City through the establishment of the PID. Authorized Improvements that may be undertaken pursuant to the PID Act include the following:

- Landscaping;
- Erection of fountains, distinctive lighting, and signs;
- Acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- Construction or improvement of pedestrian mall;
- Acquisition and assessment of pieces of art;
- Acquisition, construction, or improvement of libraries;
- Acquisition, construction, or improvement of off-street parking facilities;
- Acquisition, construction, or improvement of rerouting of mass transportation facilities;
- Acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- The establishment or improvement of parks;
- Projects similar to those listed in Subdivisions (i)-(x);
- Acquisition, by purchase or otherwise, of real property in connection with a public improvement;
- Special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development recreation, and cultural enhancement;
- Payment of expenses incurred in the establishment, administration, and operation of the district; and
- The development, rehabilitation, or expansion of affordable housing.

After analyzing the public improvement projects authorized by the PID Act, the City has determined that the Authorized Improvements described in **Section IV(A)** of this SAP should be undertaken by the Developer.

A Descriptions and Estimated Costs of the Authorized Improvements

The costs of the Authorized Improvements, shown in **Table IV-1**, include the costs which benefit all Lots. These figures are estimates and may be revised in subsequent Annual Service Plan Updates.

The Authorized Improvements are generally described as follows and are constructed in accordance with the Development Agreement, the plans and specifications approved by the City, applicable local ordinances to the extent not modified by the City in writing, applicable state and federal regulations, and good engineering practices.

- **Roadway Improvements** – The roadway improvements are public road improvements including construction, grading, concrete, reinforcing steel, asphalt, lime, sidewalks, signs, lighting fixtures, street scaping, related dry utility work, and public walkway widening. The roadway improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. The costs of the roadway improvements are set forth in **Table IV-1**.
- **Water Improvements** – The water improvements include water mains, trench excavation and embedment, dewatering, trench safety, PVC piping, bore, valves, ground storage, pumps, fire hydrants, thrust restraint devices, service connections, and testing. The water improvements will be designed and constructed in accordance with City and Texas Commission on Environmental Quality (“TCEQ”) standards and specifications and will be owned and operated by the City. The costs of the water improvements are set forth in **Table IV-1**.
- **Sanitary Sewer Improvements** – The sanitary sewer improvements include sewer mains, manholes, trench excavation and embedment, dewatering, trench safety, and PVC piping. The sanitary sewer improvements will be designed and constructed in accordance with City and TCEQ standards and specifications and will be owned and operated by the City. The costs of the sanitary sewer improvements are set forth in **Table IV-1**.
- **Storm Drainage Improvements** – The drainage improvements include preparation of a Stormwater Pollution Prevention Plan (“SWPPP”), storm sewer mains, inlets, earthen channels, swales, excavation and embedment, dewatering, trench safety, grade inlets, RCP piping and hoses, headways, concrete flumes, rock rip rap, and concrete outfalls. The drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City. The costs of the drainage improvements are set forth in **Table IV-1**.
- **Earthwork Improvements** – The earthwork improvements include excavation, embankment, and grading. The earthwork improvements will be designed and constructed in accordance with City standards and specifications and will be owned

and operated by the City. The costs of the landscaping improvements are set forth in **Table IV-1**.

- **Professional and Soft Costs** – Professional and Soft Costs are the expenses incurred in the design, engineering and construction management of the Authorized Improvements and the establishment, administration, and operation of the district, but exclude the costs related to the issuance of the PID Bonds. The professional and soft costs are set forth in **Table IV-1**.

Table IV-1: PID Eligible Project Costs*

Description	PID Eligible Authorized Improvement Costs			Non-Eligible Improvement Costs	Total Improvement Costs
	PID Bond Funded	Developer Funded	Total		
Road Improvements	\$1,160,444	\$290,352	\$1,450,796	\$0	\$1,450,796
Water Systems	\$562,679	\$140,786	\$703,465	\$0	\$703,465
Sanitary Sewer	\$490,479	\$122,722	\$613,201	\$0	\$613,201
Storm Sewer	\$1,125,256	\$281,547	\$1,406,803	\$0	\$1,406,803
Earthwork	\$428,794	\$107,287	\$536,081	\$823,200	\$1,359,281
Park & Play Pavillion	\$0	\$0	\$0	\$541,530	\$541,530
Contingency	\$127,465	\$31,893	\$159,358	\$0	\$159,358
Miscellaneous	\$333,388	\$83,416	\$416,804	\$55,000	\$471,804
Professional & Soft Costs	\$966,883	\$241,922	\$1,208,805	\$424,758	\$1,633,563
Total	\$5,195,388	\$1,299,926	\$6,495,313	\$1,844,488	\$8,339,801

***Note:** Costs provided by the Developer. The amounts shown are subject to rounding and may be revised in Annual Service Plan Updates.

The funding of the Authorized Improvements as depicted in **Table IV-1** will be from the proceeds of the PID Bonds and/or Developer cash contributions. The entire Non-Eligible Improvement Costs will be privately funded by the Developer, without any reimbursements from the PID Bond proceeds or Annual Installment revenues. Note, the construction and/or installation of the Authorized Improvements and Non-Eligible Improvements are entirely the responsibility of the Developer and are non-recourse to the City.

V SERVICE PLAN

The PID Act requires the service plan to cover a period of at least 5 years and define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the 5-year period.

Construction of the Authorized Improvements began in Q2 of 2024 and is anticipated to be substantially complete in September 2024.

As reflected in **Table V-1** on the following page, the total uses of funds are approximately \$6,500,000 and include the following:

- Estimated Authorized Improvement Costs and the source funding;
- Estimated costs related to the issuance of PID Bonds;
- Deposits to fund the required reserves and capitalized interest, if required, for PID Bonds; and
- Payment of expenses incurred in the establishment, administration, and operation of the PID.

The sources of funds are comprised of cash contributions from the Owner and aggregate principal amount of the PID Bonds, which are computed using the following assumptions:

- PID Bonds will each be issued in a single series of 30-year bonds with an estimated average coupon rate of 6.50%;
- Capitalized Interest is calculated through March 15, 2025; and
- PID Bonds are expected to be issued on October 31, 2024.

The sources and uses of funds shown in **Table V-1** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and changes to Actual Costs.

Table V-1: Sources and Uses

Description	PID Bonds
Sources of Funds	
PID Bond Par Amount	\$6,500,000
Total Sources of Funds	\$6,500,000
Uses of Funds	
Estimated Costs	
Road Improvements	\$1,160,444
Water Systems	\$562,679
Sanitary Sewer	\$490,479
Storm Sewer	\$1,125,256
Earthwork	\$428,794
Park & Play Pavillion	\$0
Contingency	\$127,465
Miscellaneous	\$333,388
Professional & Soft Costs	\$966,883
Subtotal Improvements Costs	\$5,195,388
Financing Costs	
Costs of Issuance	\$415,000
Underwriter's Discount	\$195,000
Capitalized Interest	\$158,438
Reserve Fund Deposit	\$506,175
Administrative Expenses	\$30,000
Subtotal Financing Costs	\$1,304,613
Total Uses of Funds	\$6,500,000

***Note:** Numbers may not sum due to rounding. The current appraised market value of the District of \$9,163,000 would yield a value-to-lien ratio at 1.41. To comply with the mandated value-to-lien ratio of 2:1, only \$1,358,387 of \$5,195,387 earmarked for funding the Authorized Improvements will be available at the time of closing, with the remaining \$3,837,000 released after the completion of 17 residential homes within the District, upon the approval from the City.

This Preliminary Service and Assessment Plan shall be reviewed and updated annually for the purpose of determining the annual budget for Administrative Expenses, incorporating the most recent estimate of Authorized Improvement Costs, and revising the Assessment Roll to reflect such updates. Any update to this Preliminary Service and Assessment Plan shall be referred to as an Annual Service Plan Update.

The annual projected debt service and Administrative Expenses are shown in Table V-2. The annual projected debt service and Administrative Expenses portion of the Annual Installments are subject to revision and shall be updated in the Annual Service Plan Update to reflect any changes expected for each year provided, however, that any Administrative Expenses charged as part of the Annual Installment shall not exceed the amount set forth in

the Assessment Roll without compliance with the provisions of Section 372.016 and 372.017 of the PID Act.

Table V-2: 5-Year Summary

Fiscal Year Ending	Principal	Interest	Capitalized Interest	Additional Interest	Administrative Expenses	Annual Assessment Installment
2025	\$0	\$369,688	(\$158,438)	\$16,250	\$30,000	\$257,500
2026	\$80,000	\$422,500	\$0	\$16,250	\$30,600	\$549,350
2027	\$85,000	\$417,300	\$0	\$16,050	\$31,212	\$549,562
2028	\$90,000	\$411,775	\$0	\$15,838	\$31,836	\$549,449
2029	\$100,000	\$405,925	\$0	\$15,613	\$32,473	\$554,010
TOTAL	\$355,000	\$2,027,188	(\$158,438)	\$80,000	\$156,121	\$2,459,871

***Note:** Numbers may not sum due to rounding. The projected Annual Installments are based on the interest rate on the PID Bonds, a 29-year term of the Assessments, Additional Interest component equal to 0.25% of outstanding principal portion of the Assessment, and initial annual administrative expenses of \$30,000 in FY 2024-25 and increasing at 2.0% per year thereafter. Administrative Expenses for the first year will be funded through the initial deposit at bond closing.

The projected annual costs shown in **Table V-3** are the annual expenditures relating to the Authorized Improvements, the costs associated with setting up the PID, and the costs of issuance, including reserves.

Table V-3: Annual Projected Costs and Indebtedness

Fiscal Year Ending	Projected Annual Costs of Authorized Improvements	Projected Annual Indebtedness
2025	\$5,195,388	\$369,688
2026	\$0	\$502,500
2027	\$0	\$502,300
2028	\$0	\$501,775
2029	\$0	\$505,925
TOTAL	\$5,195,388	\$2,382,188

VI ASSESSMENT PLAN

A Introduction

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property as a result of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited.

The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

The proposed bond issuance program entails a single series of bond financings that are intended to finance the public infrastructure required for the development. This financing will necessarily be undertaken to coincide with the private investment and development of the Authorized Improvements.

The purpose of the issuance of bonds is to mirror the actual development of the Authorized Improvements. PID Bonds are most prudently and efficiently utilized when directly coinciding with construction of the public infrastructure needed for the private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds when the infrastructure is needed, not before.

Additionally, the issuance of PID Bonds will maintain a prudent Value-to-Lien ("VTL") within the financing program. In order to maintain a prudent VTL, the issuance of bonds at the time of bond issuance may not fund all of the necessary Authorized Improvements because the property value is not high enough to support the entire debt load at the VTL chosen for the development. In the event that the VTL cannot support the full bond issuance, the City shall escrow a portion of the PID Bonds not supported by the overall VTL requirement until such time as the Developer can demonstrate that the overall VTL requirement has been obtained. The target VTL shall be outlined in the Development Agreement or Indenture, whichever governs, as amended.

The value-to-lien ratio in connection with the issuance of PID Bonds is estimated at 1.41, based on \$9,163,000 in the current District appraised value and \$6,500,000 in the PID Bonds. To comply with the mandated value-to-lien ratio of 2:1, only \$1,358,387 of \$5,195,387 earmarked for funding the Authorized Improvements will be available at the time of closing, with the remaining \$3,837,000 anticipated to be released after the completion of approximately 17 residential homes within the District. The City shall reserve the right to request supporting materials before authorizing the release of such funds, including an updated appraisal.

For purposes of this Preliminary Service and Assessment Plan, the City Council has determined that the costs of the Authorized Improvements shall be allocated on the basis of the size of the Lots and their estimated assessed value at Build-Out, and that such method of allocation will result in the imposition of equal shares of the costs of the improvements to Lots similarly benefited. At this time, the Assessed Property will be assessed for the special benefits conferred upon the property due to the Authorized Improvements.

This section of the SAP currently (i) describes the special benefit received by the Assessed Property as a result of the construction of the Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments to be levied on the Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Authorized Improvements to Assessed Property in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Assessed Property similarly benefited.

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

B Special Benefit

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in **Section IV(A)** of this Preliminary Service and Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment of the PID, shown in **Table V-1**, are authorized by the Act. These improvements are provided specifically for the benefit of the Assessed Property.

Each owner of Assessed Property at the time Assessments are levied on their property has acknowledged that the Authorized Improvements confer a special benefit on the property and has consented to the imposition of Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in his or her best interest in consenting to this apportionment and levying of Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements is equal to or greater than the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed

use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*The Appraisal of Real Estate, Fourteenth Edition.*) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Owner has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property for single-family residential units as described in **Section III** of this Preliminary Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

Each Owner of Assessed Property will ratify, confirm, accept, agree to, and approve: (i) the determinations and findings by the City Council and Administrator as to the special benefits described in this Preliminary Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property.

The use of Assessed Property as described in this Preliminary Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial and cost-effective means of doing so. The Assessments result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, and provide a special benefit to the Assessed Property;
2. The special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C Assessment Methodology

The estimated costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the property by the Authorized Improvements equals or exceeds the Assessments. The estimated costs of

the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the costs on Assessed Property similarly benefited.

C.1 Assessment Methodology for Authorized Improvements

For purpose of this SAP, the City Council has determined that the estimated costs of the Authorized Improvements, shall be allocated entirely to the Assessed Property. As reflected in **Table VI-1**, the entire Assessment is spread across the Lot Types based on their respective estimated assessed value at Build-out and number of Lots anticipated to be developed within such Lot Type. Authorized Improvements are to be financed in part with the proceeds of the PID Bonds.

Based on the estimated costs for the Authorized Improvements provided by the Developer, the City Council has determined that the benefit to the Assessed Property from the Authorized Improvements is at least equal to the Assessments levied on the Assessed Property.

The Assessment and Annual Installments for Assessed Property are shown on the Assessment Roll, attached as **Appendix A**, and no Assessment shall be changed except as authorized by this SAP or the PID Act.

Table VI-1: Assessment Allocations by Lot Type

Lot type	# of Lots	Estimated Assessed Value Per Home	Estimated Assessed Value at Buildout	Assessment Allocation
50'-wide Lot	140	\$295,000	\$41,300,000	100.00%
Total	140	N/A	\$41,300,000	100.00%

***Note:** Value estimates provided by the Developer. Final sale price of homes may vary.

D Assessments Allocation

The Assessments for the PID Bonds will be levied on the Assessed Property according to the Assessment Roll, attached hereto as **Appendix A**. The Annual Installments for the PID Bonds will be collected at the time and in the amounts shown on the respective Assessment Roll, subject to any revisions made during an Annual Service Plan Update.

Although the actual unit counts and Build-out values may vary from the estimates shown below, the initial assessment allocation for each Lot Type as set forth will not change, except as authorized by this SAP or the PID Act, and any adjustments to unit counts or Build-out values resulting in an assessment that exceeds the Assessment for the Lot Type as set forth in this SAP shall require a Mandatory Prepayment as outlined in **Section VII.C**.

The total Assessment is set forth below in **Table VI-2**.

Table VI-2: Assessments Per Lot

Lot type	# of Lots	Estimated Assessed Value Per Home	Estimated Assessed Value at Buildout	Assessment Allocation	Total Assessment Principal	Average Annual Installment	PID Tax Rate	Total Tax Rate
50'-wide Lot	140	\$295,000	\$41,300,000	100.00%	\$6,500,000	\$3,967.07	1.3448	3.0197
Total	140	N/A	\$41,300,000	100.00%	\$6,500,000	N/A	N/A	N/A

E Administrative Expenses

The Administrative Expense portion of the Assessment shall be paid for on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. The Administrative Expenses shall be collected as part of the Annual Installments in the amounts shown on the Assessment Rolls shown on **Appendix A**. Administrative Expenses do not include payment of the actual principal of and interest on the PID Bonds or any costs which constitute expenses payable as an expense of issuing the PID Bonds. Administrative Expenses commence upon the levy of the Assessments and terminate upon the payment on the final installment of the Assessments. The initial payment of Administrative Expenses may be paid from the proceeds of the PID Bonds issued. The Administrative Expenses may be revised, based on actual costs incurred, in Annual Service Plan Updates, as shown on **Table V-1**.

F Delinquency and Prepayment Reserve

Pursuant to the PID Act, the interest rate for Assessments securing PID Bonds may exceed the actual interest rate per annum paid on the related PID Bonds by no more than 0.50%. The interest rate used to determine the interest rate on the Assessments is 0.25% per annum higher than the actual rate paid on the PID Bonds (the "Additional Interest"). Additional Interest shall be collected as part of each Annual Installment as set forth on the Assessment Roll. Under the Indenture, Additional Interest shall ultimately be deposited into a reserve account pursuant to the Indenture (the "Delinquency and Prepayment Reserve Account") such that the balance in the Delinquency and Prepayment Reserve Account equals a percentage of the outstanding principal balance of the PID Bonds (the "Delinquency and Prepayment Reserve Requirement") determined by the Indenture, and shall then be deposited as set forth in the Indenture. The Delinquency and Prepayment Reserve Account shall be used to pay Prepayment Costs, Delinquent Collection Costs, or to cover any deficiencies in the funds available to pay debt service on the PID Bonds, all as set forth in the Indenture. If the Delinquency and Prepayment Reserve Account contains the Delinquency and Prepayment Reserve Requirement, the Additional Interest will be allocated for the additional purposes set forth in the PID Bond Indenture.

VII TERMS

A Amount of Assessments and Annual Installments for Assessed Property Located within the PID

A.1 Assessed Property

The Assessment and Annual Installments for Assessed Property located within the PID are presented in **Appendix A**. No Assessment shall be changed except as authorized in an Annual Service Plan Update and the PID Act.

The Annual Installments shall be collected in an amount sufficient to pay the (i) annual principal amount due on the Assessments, (ii) annual interest amount due on the Assessments including the Additional Interest with respect to the PID Bonds, and (iii) Administrative Expenses.

B Reallocation of Assessments for Assessed Property located within the PID

B.1 Apportionment of Assessments Upon Consolidation of Assessed Properties

Subject to the limitations described herein and applicable law, upon the consolidation of two or more Assessed Properties, the Assessment for the consolidated Assessed Property shall be the sum of the Assessments for the Assessed Properties prior to consolidation.

B.2 Apportionment of Assessments Upon Division of Assessed Properties

In general, the sum of the Assessments for all newly subdivided Assessed Property shall equal the Assessment for the subdivided Assessed Property prior to subdivision. The Assessment initially applicable to each Assessed Property is equal to the Assessment that corresponds to the Lot Type for such Assessed Property; if an Assessed Property contains two or more Lots, the Assessment initially applicable is equal to the sum of the Assessments that correspond to the actual or proposed Lot Types for such Assessed Property. Similarly, if an Assessed Property is subsequently platted, subdivided, re-subdivided or re-platted, the Assessment applicable to each resulting new Lot shall be equal to the Assessment that corresponds to the actual or proposed Lot Type for such Assessed Property. However, the reallocation of an Assessment for an Assessed Property may not exceed the Assessment prior to the reallocation without a Mandatory Prepayment made pursuant to **Section VII(C)**. Any reallocation pursuant to this section shall be calculated by the Administrator and shall be reflected in an Annual Service Plan Update approved by the City. The reallocation of any Assessments as described herein shall be considered an administrative action and will not require any notice or public hearing, as defined in the PID Act, by the City.

B.3 Non-Benefited Property to Assessed Property

In the case it has been determined that a Non-Benefited Property shall be classified as an Assessed Property (i.e., it has been determined that the property now receives benefit from the Authorized Improvements), an Assessment shall be allocated against such Assessed Property in accordance with the methodology described in this Assessment Plan and in accordance with the provisions of the PID Act, and the Assessment Roll shall be amended in the next Annual Service Plan Update. Following City Council approval, the assessment will be allocated and the newly Assessed Property will be subject to the terms defined in Section VII(C) regarding Assessment excess.

C Mandatory Prepayment of Assessments

An owner of Assessed Property is required to (i) partially prepay any Assessment that exceeds the applicable Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Assessment for such Lot Type or shortfall and (ii) prepay any Assessment for Assessed Property transferred to a party that is exempt from the payment of the Assessments under applicable law or for which the owner causes all or portion thereof to become Non-Benefited Property, plus Prepayment Costs and any Delinquent Collection Costs, as described below (a "Mandatory Prepayment").

The Mandatory Prepayments required below shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this SAP, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

C.1 Assessment Excess

If at any time the Assessment on a Lot exceeds the original Assessment calculated for the Lot as set forth in the SAP as a result of any reallocation of an Assessment authorized by this SAP (including platting or re-platting) and initiated by the owner of the Lot, then following compliance with any applicable notice and hearing requirement of the PID Act (unless a waiver of such notice and hearing is obtained from the owner of the Lot) such owner shall pay to the City prior to the recordation of the document subdividing or re-subdividing the Lot the amount calculated by the Administrator by which the new Assessment for the Lot exceeds the original Assessment for the Lot.

C.2 Assessment Shortfall

If at any time the Assessment on a Lot is less than the original Assessment calculated for the Lot as a result of any reallocation of an Assessment authorized by this SAP (including platting or re-platting) and initiated by the owner of the Lot, then, such owner shall pay to the City prior to the recordation of the document subdividing or re-subdividing the Lot the amount calculated by the Administrator by which the new Assessment for the Lot is less than the original Assessment for the Lot.

C.3 Transfer of Assessed Property to Exempt Party and Conversion of Assessed Property to Non-Benefited Property

If an Assessed Property or portion thereof is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes an Assessed Property or portion thereof to become Non-Benefited Property, the owner of such Assessed Property or portion thereof shall pay to the City the full amount of the Assessment or portion thereof that is related to the transferred property, plus all Prepayment Costs and Delinquent Collection Costs, if applicable, for such Assessed Property or portion thereof prior to any such transfer or act.

D Reduction of Assessments

If as a result of cost savings or Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not be reduced to an amount less than the amount due on the related outstanding PID Bonds. The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

Similarly, if any of the Authorized Improvements to be funded with a series of PID Bonds are not undertaken resulting in excess bond proceeds, then the City may, in its discretion and in accordance with the applicable Indenture, reduce the Assessment for each Assessed Property securing such PID Bonds on a pro rata basis to reflect only the Actual Costs that were expended and deposit and apply such excess PID Bond proceeds as described in the paragraph above or as authorized in the Indenture.

E Payment of Assessments

E.1 Payment in Full

The Assessment for any Assessed Property may be paid in full or in part at any time. Such payment shall include all Prepayment Costs. If prepayment will result in redemption of PID Bonds, the payment amount shall be reduced by the amount, if any, of reserve funds applied to the redemption under the Indenture.

If an Annual Installment has been billed prior to payment of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

If an Assessment is paid in full: (i) the Administrator shall cause such Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (ii) the Administrator shall submit the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (iii) the obligation to pay such Assessment and corresponding Annual Installments shall terminate; and (iv) the City shall provide the Owner with a recordable notice that the lien on such Assessed Property has been released by the City. If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

If an Assessment is prepaid in part: (i) the Administrator shall cause such Assessment to be reduced by the amount of such partial prepayment in a manner conforming to the provisions of the Indenture and the Assessment Roll revised accordingly; (ii) the Administrator shall submit the revised Assessment Roll reflecting such partial prepayment to be approved by the City Council as part of the next Annual Service Plan Update; and (iii) the obligation to pay such Assessment and corresponding Annual Installments shall be reduced to the extent the partial payment is made.

E.2 Payment in Annual Installments

The PID Act provides that an Assessment for any Assessed Property may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect principal, interest, Additional Interest, and Administrative Expenses in installments. An Assessment for Assessed Property that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated and provided for herein. Payment of the Annual Installments shall commence with tax bills mailed in 2024 and shall be delinquent if not paid prior to February 1, 2025.

The Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of the (i) annual principal amount due on the Assessments, (ii) annual interest amount due on the Assessments including the Additional Interest with respect to the PID Bonds, and (iii) Administrative Expense. The Annual Installments may not exceed the amounts shown on the Assessment Rolls in **Appendix A** as of the date the respective Assessments are levied.

The Annual Installments shown on the Assessment Roll shall be adjusted to equal the Actual Costs of repaying the PID Bonds, including Additional Interest and Administrative Expenses. In addition, the City may adopt additional Assessment Roll(s) relating to the Authorized Improvements within the PID and the issuance of future PID Bonds.

The City reserves and shall have the right and option to refund PID Bonds in accordance with the PID Act and/or Chapter 1207, Texas Government Code, as amended, and the Indenture related to such Bonds. In the event of issuance of refunding bonds, the Administrator shall recalculate the Annual Installments, and if

necessary, may adjust, or decrease, the amount of the Annual Installment so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the debt service on the refunding bonds when due and payable as required by and established in the ordinance and/or the Indenture authorizing and securing the refunding bonds plus interest generated from the Additional Interest rate, and such refunding bonds shall constitute "PID Bonds" for purposes of the SAP.

F Collection of Annual Installments

The Administrator shall, no less frequently than annually, prepare and submit to the City Council for its approval 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 Assessed Property. Administrative Expenses shall be allocated on a pro rata basis by each Parcel based on the amount of outstanding Assessment remaining on the Parcel. Each Annual Installment shall be reduced by any credits applied under the Indenture, such as interest earnings on any account balances, and any other funds available under the applicable Indenture for such purpose. Annual Installments may be collected by the City (or such entity to whom the City directs) in the same manner and at the same time as *ad valorem* taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as *ad valorem* taxes for the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Any sale of Assessed Property for nonpayment of the delinquent Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be updated annually and each Annual Installment shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments shall be due when billed in 2024 and will be delinquent if not paid prior to February 1, 2025.

The City or County Tax Assessor/Collector or another collection entity engaged by the City will invoice each owner of property for the Annual Installment payment at approximately the same time as the County's annual property tax bill, and the Annual Installments shall be due and payable, and incur penalty and interest for unpaid Annual Installments in the same manner as provided for property taxes. Thereafter, subsequent Annual Installments shall be due in the same manner in each succeeding calendar year until the Assessment, together with interest, Additional Interest, and Administrative Expenses as provided in this SAP, has been paid in full.

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

The Assessments, with interest and Administrative Expenses, are personal liability of charges against the owners of the property. The lien is effective from the date of the ordinance or order levying the assessment and lasts until the assessment is paid. Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments 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 Annual Installments against such property as they become due and payable.

VIII ASSESSMENTS

A Assessment

As described by this SAP, Assessed Property will be assessed for the special benefits conferred upon the property as a result the Authorized Improvements. **Table VIII-1** summarizes the \$7,799,926 in special benefit received by Assessed Property as a result of the Authorized Improvements and the PID formation and bond issuance costs.

Table VIII-1: Special Benefit Summary

Public Improvement	Improvement Costs
Total Authorized Improvements	\$6,495,313
Costs of Issuance	\$415,000
Underwriter's Discount	\$195,000
Capitalized Interest	\$158,438
Reserve Fund Deposit	\$506,175
Administrative Expenses	\$30,000
Total Special Benefit	\$7,799,926
Total Assessment	\$6,500,000
Excess Benefit	\$1,299,926

B Annual Assessment Roll Updates

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel and Lot; (ii) the Assessment for each Lot of Assessed Property, including any adjustments authorized by this Preliminary Service and Assessment Plan and the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided in **Section VI** of this Preliminary Service and Assessment Plan. The Annual Service Plan Update shall reflect the actual interest on the PID Bonds on which the Annual Installments shall be paid plus Additional Interest, any reduction in the Assessments, and any revisions in the Actual Costs to be funded by the PID Bonds and Developer funds.

IX MISCELLANEOUS PROVISIONS

A Administrative Review

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

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

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

B Termination of Assessments

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable Notice of the PID Assessment Termination.

C Amendments

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Preliminary Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels: (i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Delinquent Collection Costs, and other charges imposed by the Service and Assessment Plan.

D Administration and Interpretation of Provisions

The City Council shall administer the PID, this Preliminary Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Preliminary Service and Assessment Plan unless stated otherwise herein or in the Indenture. Such determinations shall be final, binding, and conclusive.

E Severability

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

If any provision of this Preliminary Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Preliminary Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

F Buyer Disclosure

The PID Act requires that this Preliminary Service and Assessment Plan and each Annual Service Plan Update include a copy of the notice form required by Section 5.014 of the Texas Property Code. The buyer disclosure is attached hereto as **Appendix B** and may be updated in an Annual Service Plan Update.

APPENDIX A

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



ASSESSMENT ROLL

Appendix A
The Reserves Public Improvement District
Assessment Roll

Assessment by Parcel ID and Phase

Parcel ID	Owner¹	Total Lots	Outstanding PID Assessment Principal
11372	PHD HUNTSVILLE 34 LP	140	\$6,500,000.00
Total		140	\$6,500,000.00

¹Ownership data according to Walker CAD, as of March 20, 2024.

Total Amortization								
FY Ending	Principal	Interest	CAP I	Debt Service	Prepay Reserve	DQ Reserve	Admin	Total Installment
2025	\$0.00	\$369,687.50	(\$158,437.50)	\$211,250.00	\$6,500.00	\$9,750.00	\$30,000.00	\$257,500.00
2026	\$80,000.00	\$422,500.00	\$0.00	\$502,500.00	\$6,500.00	\$9,750.00	\$30,600.00	\$549,350.00
2027	\$85,000.00	\$417,300.00	\$0.00	\$502,300.00	\$6,420.00	\$9,630.00	\$31,212.00	\$549,562.00
2028	\$90,000.00	\$411,775.00	\$0.00	\$501,775.00	\$6,335.00	\$9,502.50	\$31,836.24	\$549,448.74
2029	\$100,000.00	\$405,925.00	\$0.00	\$505,925.00	\$6,245.00	\$9,367.50	\$32,472.96	\$554,010.46
2030	\$105,000.00	\$399,425.00	\$0.00	\$504,425.00	\$6,145.00	\$9,217.50	\$33,122.42	\$552,909.92
2031	\$110,000.00	\$392,600.00	\$0.00	\$502,600.00	\$6,040.00	\$9,060.00	\$33,784.87	\$551,484.87
2032	\$120,000.00	\$385,450.00	\$0.00	\$505,450.00	\$5,930.00	\$8,895.00	\$34,460.57	\$554,735.57
2033	\$125,000.00	\$377,650.00	\$0.00	\$502,650.00	\$5,810.00	\$8,715.00	\$35,149.78	\$552,324.78
2034	\$135,000.00	\$369,525.00	\$0.00	\$504,525.00	\$5,685.00	\$8,527.50	\$35,852.78	\$554,590.28
2035	\$145,000.00	\$360,750.00	\$0.00	\$505,750.00	\$5,550.00	\$8,325.00	\$36,569.84	\$556,194.84
2036	\$150,000.00	\$351,325.00	\$0.00	\$501,325.00	\$5,405.00	\$8,107.50	\$37,301.24	\$552,138.74
2037	\$160,000.00	\$341,575.00	\$0.00	\$501,575.00	\$5,255.00	\$7,882.50	\$38,047.26	\$552,759.76
2038	\$175,000.00	\$331,175.00	\$0.00	\$506,175.00	\$5,095.00	\$7,642.50	\$38,808.21	\$557,720.71
2039	\$185,000.00	\$319,800.00	\$0.00	\$504,800.00	\$4,920.00	\$7,380.00	\$39,584.37	\$556,684.37
2040	\$195,000.00	\$307,775.00	\$0.00	\$502,775.00	\$4,735.00	\$7,102.50	\$40,376.06	\$554,988.56
2041	\$210,000.00	\$295,100.00	\$0.00	\$505,100.00	\$4,540.00	\$6,810.00	\$41,183.58	\$557,633.58
2042	\$220,000.00	\$281,450.00	\$0.00	\$501,450.00	\$4,330.00	\$6,495.00	\$42,007.25	\$554,282.25
2043	\$235,000.00	\$267,150.00	\$0.00	\$502,150.00	\$4,110.00	\$6,165.00	\$42,847.40	\$555,272.40
2044	\$250,000.00	\$251,875.00	\$0.00	\$501,875.00	\$3,875.00	\$5,812.50	\$43,704.35	\$555,266.85
2045	\$270,000.00	\$235,625.00	\$0.00	\$505,625.00	\$3,625.00	\$5,437.50	\$44,578.44	\$559,265.94
2046	\$285,000.00	\$218,075.00	\$0.00	\$503,075.00	\$3,355.00	\$5,032.50	\$45,470.01	\$556,932.51
2047	\$305,000.00	\$199,550.00	\$0.00	\$504,550.00	\$3,070.00	\$4,605.00	\$46,379.41	\$558,604.41
2048	\$325,000.00	\$179,725.00	\$0.00	\$504,725.00	\$2,765.00	\$4,147.50	\$47,307.00	\$558,944.50
2049	\$345,000.00	\$158,600.00	\$0.00	\$503,600.00	\$2,440.00	\$3,660.00	\$48,253.14	\$557,953.14
2050	\$370,000.00	\$136,175.00	\$0.00	\$506,175.00	\$2,095.00	\$3,142.50	\$49,218.20	\$560,630.70
2051	\$390,000.00	\$112,125.00	\$0.00	\$502,125.00	\$1,725.00	\$2,587.50	\$50,202.56	\$556,640.06
2052	\$415,000.00	\$86,775.00	\$0.00	\$501,775.00	\$1,335.00	\$2,002.50	\$51,206.61	\$556,319.11
2053	\$445,000.00	\$59,800.00	\$0.00	\$504,800.00	\$920.00	\$1,380.00	\$52,230.74	\$559,330.74
2054	\$475,000.00	\$30,875.00	\$0.00	\$505,875.00	\$475.00	\$712.50	\$53,275.35	\$560,337.85
	\$6,500,000.00	\$8,477,137.50	(\$158,437.50)	\$14,818,700.00	\$131,230.00	\$196,845.00	\$1,217,042.64	\$16,363,817.64

Note: First year administrative expenses to be funded through funds deposited at bond closing.

Amortization, Single Lot								
Tax Year	Principal	Interest	CAP I	Debt Service	Prepay Reserve	DQ Reserve	Admin	Total Installment
2025	\$0.00	\$2,640.63	(\$1,131.70)	\$1,508.93	\$46.43	\$69.64	\$214.29	\$1,839.29
2026	\$571.43	\$3,017.86	\$0.00	\$3,589.29	\$46.43	\$69.64	\$218.57	\$3,923.93
2027	\$607.14	\$2,980.71	\$0.00	\$3,587.86	\$45.86	\$68.79	\$222.94	\$3,925.44
2028	\$642.86	\$2,941.25	\$0.00	\$3,584.11	\$45.25	\$67.88	\$227.40	\$3,924.63
2029	\$714.29	\$2,899.46	\$0.00	\$3,613.75	\$44.61	\$66.91	\$231.95	\$3,957.22
2030	\$750.00	\$2,853.04	\$0.00	\$3,603.04	\$43.89	\$65.84	\$236.59	\$3,949.36
2031	\$785.71	\$2,804.29	\$0.00	\$3,590.00	\$43.14	\$64.71	\$241.32	\$3,939.18
2032	\$857.14	\$2,753.21	\$0.00	\$3,610.36	\$42.36	\$63.54	\$246.15	\$3,962.40
2033	\$892.86	\$2,697.50	\$0.00	\$3,590.36	\$41.50	\$62.25	\$251.07	\$3,945.18
2034	\$964.29	\$2,639.46	\$0.00	\$3,603.75	\$40.61	\$60.91	\$256.09	\$3,961.36
2035	\$1,035.71	\$2,576.79	\$0.00	\$3,612.50	\$39.64	\$59.46	\$261.21	\$3,972.82
2036	\$1,071.43	\$2,509.46	\$0.00	\$3,580.89	\$38.61	\$57.91	\$266.44	\$3,943.85
2037	\$1,142.86	\$2,439.82	\$0.00	\$3,582.68	\$37.54	\$56.30	\$271.77	\$3,948.28
2038	\$1,250.00	\$2,365.54	\$0.00	\$3,615.54	\$36.39	\$54.59	\$277.20	\$3,983.72
2039	\$1,321.43	\$2,284.29	\$0.00	\$3,605.71	\$35.14	\$52.71	\$282.75	\$3,976.32
2040	\$1,392.86	\$2,198.39	\$0.00	\$3,591.25	\$33.82	\$50.73	\$288.40	\$3,964.20
2041	\$1,500.00	\$2,107.86	\$0.00	\$3,607.86	\$32.43	\$48.64	\$294.17	\$3,983.10
2042	\$1,571.43	\$2,010.36	\$0.00	\$3,581.79	\$30.93	\$46.39	\$300.05	\$3,959.16
2043	\$1,678.57	\$1,908.21	\$0.00	\$3,586.79	\$29.36	\$44.04	\$306.05	\$3,966.23
2044	\$1,785.71	\$1,799.11	\$0.00	\$3,584.82	\$27.68	\$41.52	\$312.17	\$3,966.19
2045	\$1,928.57	\$1,683.04	\$0.00	\$3,611.61	\$25.89	\$38.84	\$318.42	\$3,994.76
2046	\$2,035.71	\$1,557.68	\$0.00	\$3,593.39	\$23.96	\$35.95	\$324.79	\$3,978.09
2047	\$2,178.57	\$1,425.36	\$0.00	\$3,603.93	\$21.93	\$32.89	\$331.28	\$3,990.03
2048	\$2,321.43	\$1,283.75	\$0.00	\$3,605.18	\$19.75	\$29.63	\$337.91	\$3,992.46
2049	\$2,464.29	\$1,132.86	\$0.00	\$3,597.14	\$17.43	\$26.14	\$344.67	\$3,985.38
2050	\$2,642.86	\$972.68	\$0.00	\$3,615.54	\$14.96	\$22.45	\$351.56	\$4,004.51
2051	\$2,785.71	\$800.89	\$0.00	\$3,586.61	\$12.32	\$18.48	\$358.59	\$3,976.00
2052	\$2,964.29	\$619.82	\$0.00	\$3,584.11	\$9.54	\$14.30	\$365.76	\$3,973.71
2053	\$3,178.57	\$427.14	\$0.00	\$3,605.71	\$6.57	\$9.86	\$373.08	\$3,995.22
2054	\$3,392.86	\$220.54	\$0.00	\$3,613.39	\$3.39	\$5.09	\$380.54	\$4,002.41
Total	\$46,428.58	\$60,551.00	(\$1,131.70)	\$105,847.89	\$937.36	\$1,406.03	\$8,693.18	\$116,884.43

Note: First year administrative expenses to be funded through funds deposited at bond closing.

APPENDIX B

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



BUYER DISCLOSURE FORM

**Texas Property Code Section 5.014(A) Notice
(Required Before Contract Execution)**

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

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

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

This Notice requirement does not apply to a transfer:

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

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

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

**Texas Property Code Section 5.014(A) Notice
(Required Before Contract Execution)**

NOTICE OF OBLIGATION TO PAY
PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO HUNTSVILLE, TEXAS
THE RESERVES PUBLIC IMPROVEMENT DISTRICT

CONCERNING THE FOLLOWING PROPERTY

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

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

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

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

**Texas Property Code Section 5.014(A) Notice
(Required Before Contract Execution)**

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

Buyer (Print Name)	Signature	Date
--------------------	-----------	------

Buyer (Print Name)	Signature	
--------------------	-----------	--

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

Seller (Print Name)	Signature	Date
---------------------	-----------	------

Seller (Print Name)	Signature	Date
---------------------	-----------	------

**Texas Property Code Section 5.0143 Notice
(Required At Closing And Must Be Recorded In Walker County Deed Of Records)**

AFTER RECORDING RETURN TO:

NOTICE OF OBLIGATION TO PAY
PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO HUNTSVILLE, TEXAS
THE RESERVES PUBLIC IMPROVEMENT DISTRICT

CONCERNING THE FOLLOWING PROPERTY

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

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

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

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

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

Texas Property Code Section 5.0143 Notice
(Required At Closing And Must Be Recorded In Walker County Deed Of Records)

Buyer (Print Name)	Signature	Date
--------------------	-----------	------

Buyer (Print Name)	Signature	
--------------------	-----------	--

STATE OF TEXAS §
 §
COUNTY OF _____§

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

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

Notary Public, State of Texas

**Texas Property Code Section 5.0143 Notice
(Required At Closing And Must Be Recorded In Walker County Deed Of Records)**

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

Seller (Print Name)	Signature	Date
---------------------	-----------	------

Seller (Print Name)	Signature	
---------------------	-----------	--

STATE OF TEXAS §
 §
COUNTY OF _____ §

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

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

Notary Public, State of Texas

APPENDIX C

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



PID BOUNDARIES AND LEGAL DESCRIPTION

Metes-and-Bounds Description of The Property

H.E. McADAMS & SON SURVEYING, INC.

Registered Professional Land Surveyors

P.O. Box 5047, Huntsville, Texas

77342TBPELS Firm No.

10194425

THE STATE OF TEXAS §

COUNTY OF WALKER §

I, Harold E. McAdams, Registered Professional Land Surveyor No. 2005, do hereby state that the following field notes represent a survey made on the ground of the following described tractor parcel of land located in Walker County, Texas. Coordinates, bearings, distances, and areas surveyed herein are Grid N.A.D. 1983 (1993), Texas Central Zone referenced to the City of Huntsville Mapping Control Network and is based on the position of Control Point 7187 having published coordinates of N= 10,256,115.190 feet, E= 3,786,890.283 feet, and G.P.S. observations. Distances herein may be converted to Geodetic Horizontal (surface) by dividing by a Combined Scale Factor of 0.99988.

Being 33.22 acres of land, situated in the City of Huntsville, LEWIS COX LEAGUE, Abstract No. 13, Walker County, Texas, and being part of a called 33.49-acre tract described as 28.31 acre and 10.05-acre tracts save and except 3.74 acre and 1.13-acre tracts in a Deed from James B. Hall Trust to James L. Hall Trust, et al dated October 25, 2016, and recorded in Volume 1259, page 633, Official Public Records of Walker County, Texas, said 33.22 acres being more definitely described as follows:

BEGINNING at the northwest corner of said Hall Trust 33.49 acres and the northeast corner of a called 251.78-acre tract (51% interest) described as Tract II in a Deed from Thomas Carroll Cole, Jr., et al to Thomas Carroll Cole, Jr. and Jan Carroll Cole dated April 16, 1987, and recorded in Volume 42, page 5, Official Public Records, same 251.78-acre tract being described as 49% interest in a Deed: from Margaret Thomason Cole to Thomas Carroll Cole, Jr. and Jan Carroll Cole dated April 23, 1987, and recorded in Volume 42, page 9, Official Public Records in a south line of a called 515-acre tract described in a Deed from Ed. H. Cunningham, et al to John Ireland, Governor of the State of Texas and his successors (now being T.D.C.J. Institutional Division "Wynne Farm") dated June 23, 1883, and recorded in Volume Y, page 181, Deed Records of Walker County, set a 5/8" iron rod

with yellow plastic cap stamped "H.E. McAdams RPLS 2005" having coordinates of N= 10,257,920.90 feet and E= 3,787,525.41 feet for corner from which a 3" diameter concrete monument found bears N 01°24'48"W- 1.44 feet and a 4"x4" concrete monument stamped "TPL" found for a southwest corner of said the State of Texas 515 acres bears S 87°26'52" W- 1215.30 feet;

THENCE N 87°26'52"E, with the common boundary of said Hall Trust 33.49 acre and State of Texas 515 acre tracts, at 782.26 feet pass the common corner of said 28.31 and 10.05 acre tracts, from the said point found a 3" diameter concrete monument S 01°39'E- 1.20 feet, continuing a total distance of 1107.25 feet to the northeast corner of said Hall Trust 33.49 acres and the northwest corner of a called 34.499-acre tract described in a Deed from Thomason Family Trust to Amstad Development, LLC dated June 14, 2018, and recorded in Volume 1331, page 683, Official Public Records, a point for corner from which found a 5/8" iron rod with plastic cap stamped "Johnson Incorporate" S 01°54'40" E- 0.79 feet and a concrete monument with broken top bears N 87°26'52" E- 1761.56 feet;

THENCE S 01°54'40"E, with the common boundary of said Hall Trust 33.49 acre and Amstad Development 34.499 acre tracts, a distance of 1163.19 feet to their common corner and then northeast corner of a called 3.74-acre tract (out said 33.49 acres) awarded to the State of Texas described in an Agreed Judgment styled The State of Texas v James L. Hall Trustee, et al dated April 28, 2008, and recorded in Volume 873, page 74, Official Public Records in a northwest right-of-way line of State Highway No. 30, found a 3.5" diameter Texas Department of Transportation (hereinafter referred to as TXDOT) concrete monument with brass disc stamped "850+02.40" for corner;

THENCE S 76°19'15"W, with the southeast line of said Hall Trust and the northwest right- of-way line of State Highway 30, a distance of 326.22 feet to an angle point in said line, found a 3.5" diameter TXDOT concrete monument with brass disc stamped "846+86.00";

THENCE S 71°15'07"W, continuing with the southeast line of said Hall Trust and the northwest right-of-way line of State Highway 30, at 512.12 feet pass a 3.5" diameter TXDOT concrete monument with brass disc stamped "841+90.93" found for reference, continuing a total distance of 836.35 feet to the southwest corner of said Hall Trust 33.49 acres and the southeast corner of said Cole 251.78 acre tract, found a 3.5" diameter TXDOT concrete monument with brass disc stamped "838+68.58" for corner;

THENCE N 01°24'48"W, with the common boundary of said Hall Trust and Cole tracts, a distance of 1459.64 feet to the POINT OF BEGINNING.

APPENDIX D

City of Huntsville, Texas
The Reserves Public Improvement District
Preliminary Service and Assessment Plan



LOT TYPE MAP

S:\ENGINEERING PROJECTS\10755 - HIGHWAY 30 RESIDENTIAL - HUNTSVILLE\03 CAD\DESIGN SET\X-BASE_10755.DWG Jul. 21, 2022-7:35 AM

CALLLED 251.78 ACRES
THOMAS CARROLL COLE, JR. AND
JAN CARROLL COLE
VOL. 42, PG. 9 D.R. W.C.T.

RESIDUE OF A
CALLED 515 ACRES
STATE OF TEXAS
VOL. Y, PG. 181 D.R. W.C.T.

CALLLED 34.515 ACRES
HUNTSVILLE LAND INVESTMENTS, LP
C.F.N. 2021-75311 O.P.R. W.C.T.

COX L (A-13),
TRACT 22.2,
ACRES 131.61

COX L (A-13), TRACT 22.3, ACRES 21.61

2

L SQUARED ENGINEERING

MUNICIPAL COMMERCIAL RESIDENTIAL

WWW.LZENGEERING.COM

3307 W. DAVIS STREET #100
CONROE, TEXAS 77384
OFFICE: 936-647-0420

21123 EVA STREET #200
MONTGOMERY, TEXAS 77356

CLIENT INFORMATION

BTR ADVISORS, LLC
PAUL GARZA
26207 PARK IVY LANE
KATY, TX 77494

PROJECT ADDRESS

3400 SH 30
HUNTSVILLE, TX 77340

THE RESERVE AT HUNTSVILLE

LOT FITMENT LAYOUT

DRAWING ISSUE			
#	DATE	BY	* COMMENT
0	7/23/22	RHM	FOR REVIEW ONLY

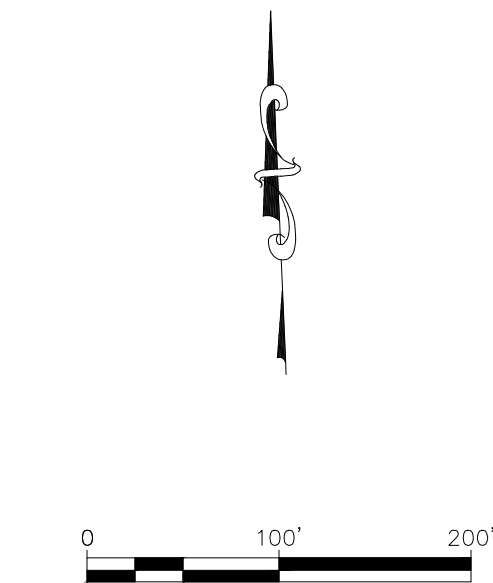
DRAWING INFORMATION			
PROJECT	10755	TDLR	**
DRAWN	RHM	EIT	JP
SCALE	SHEET		
1" = 100' (24x36)			
1" = 200' (11x17)			

THIS DOCUMENT IS RELEASED FOR
THE PURPOSE OF INTERIM REVIEW
UNDER THE AUTHORITY OF:

E. LEVI LOVE, PE #99340
OR
JONATHAN WHITE, PE #127058

FOR REVIEW PURPOSES ONLY
NOT FOR CONSTRUCTION

*PLANS NOT RELEASED FOR CONSTRUCTION UNLESS INDICATED ABOVE



- 40' X 50' PAD: 3
- 40' X 60' PAD: 137
- TOTAL PADS: 140

LOT SF	TOTALS		TOTALS	
	SF	LOTS		
	5750+	45		32%
	5750	95		68%
RANGE	5750	17558		
AVERAGE	6404			





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8117 PRESTON ROAD, SUITE 300
DALLAS, TX 75225
PHONE: (800) 969-4DTA

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds

EXHIBIT “B”

NOTICE OF PUBLIC HEARING OF THE CITY COUNCIL OF THE CITY OF HUNTSVILLE TO CONSIDER ACCEPTING THE PRELIMINARY SERVICE AND ASSESSMENT PLAN FOR RESERVES OF HUNTSVILLE PUBLIC IMPROVEMENT DISTRICT

NOTICE IS HEREBY GIVEN THAT the City Council (the “City Council”) of the City of Huntsville, Texas (the “City”), pursuant to Chapter 372 of the Texas Local Government Code, as amended (the “Act”), will hold a public hearing at 6:00 P.M. on October 15, 2024, 2024 in the New Service Center, 448 State Highway 75 North Huntsville, Texas 77320 for the purpose of considering approving the Preliminary Service and Assessment Plan, with such changes and amendments as the City Council deems necessary, and the Proposed Assessment Rolls with such amendments to the assessments on any parcel as the City Council deems necessary as the final Service and Assessment Plan and Assessment Rolls of the District, respectively.

GENERAL NATURE OF THE AUTHORIZED IMPROVEMENTS: The proposed public improvements (collectively, the “Authorized Improvements”) include : (i) design, construction and other allowed costs related to street and roadway improvements, signalization, landscaping, lighting, signage, off-street parking and right-of-way; (ii) design, construction and other allowed costs related to water, wastewater and drainage (including storm drainage and detention) improvements and facilities, (iii) design, construction and other allowed costs related to parks, open space and recreational improvements, including trails and landscaping related thereto; (iv) design, construction and other allowed costs related to projects similar to those listed in sections (i) – (iii) above authorized by the Act, including similar off-site projects that provide a benefit to the Property; (v) acquisition, by purchase or otherwise of real property in connection with an Authorized Improvement; (vi) payment of expenses incurred in the establishment, administration, and operation of the PID and (vii) payment of expenses associated with financing such public improvement projects, which may include but are not limited to, costs associated with the issuance and sale of revenue bonds secured by assessments levied against the Property within the PID. These Authorized Improvements shall promote the interests of the City and confer a special benefit upon the Property.

COST OF THE AUTHORIZED IMPROVEMENTS: The total cost of the Projects is \$9,623,052.79 (including issuance and other financing costs). The estimated costs of the Projects to be assessed against the property in the District is \$6,500,000.

BOUNDARIES OF THE PROPOSED PID: Approximately 33.22 acres of land within the City of Huntsville, Walker County, Texas, said property being generally located north of Hwy 30, west of Veterans Memorial Pkwy, and south of I-45. A metes and bounds description is available for inspection at the offices of the City Secretary at the location described above.

All interested persons are invited to attend such public hearing to express their views with respect to the establishment of the PID and the Authorized Improvements to be made therein.

This Notice of Public Hearing is given, and the public hearing is being held pursuant to the requirements of the Act.

THE CITY OF HUNTSVILLE, TEXAS



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 3.a.

Agenda Item: Consider temporarily suspending the Rules of Procedure Section 3.01 requiring a regular City Council meeting on the first Tuesday of the month for the November 5, 2024, Regular City Council meeting.

Initiating Department/Presenter: City Secretary

Presenter:

Kristy Doll, City Secretary

Recommended Motion: Move to temporarily suspend the Rules of Procedure Section 3.01 requiring a regular City Council meeting on the first Tuesday of the month for the November 5, 2024, Regular City Council meeting.

Strategic Initiative: Goal #2, Communications - Provide public information outreach efforts that inform the public of City operations, accomplishments and policies and allows for citizens input on matters of Council policy.

Discussion: Consider canceling the November 5, 2024, City Council meeting. As you know, November 5th is Election Day, and all At-Large City Council positions are on the ballot.

Previous Council Action:

Financial Implications: None

Approvals:

Kristy Doll

Associated Information:



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 3.b.

Agenda Item: Consider nominating one candidate for each of the five Board of Director Positions for the Walker County Appraisal District's (WCAD) Board of Directors.

Initiating Department/Presenter: City Council

Presenter:

Russell Humphrey, Mayor

Recommended Motion: Move to nominate each of the current members who are not retiring to the five Board of Director Positions for the Walker County Appraisal District's (WCAD) Board of Directors. Please include each candidate's name for each of the five positions.

Strategic Initiative: Goal #4, Infrastructure - Ensure the quality of the City utilities, transportation and physical structures so that the City's core services can be provided in an effective and efficient manner.

Discussion: In compliance with the Texas Property Tax Code, Section 6.03, Walker County Appraisal District requests nominations for Board of Director Positions from all Jurisdictions in Walker County that are entitled to vote. The City of Huntsville governing body can nominate one candidate for each of the five Board of Director positions on the Nomination Ballot provided. Submission of nominees must be delivered to the Chief Appraiser before October 15, 2024.

Upon receipt of all nominations, an Official Ballot will be delivered to all jurisdictions with voting entitlement before October 30th. Each jurisdiction must vote on the nominees in an open meeting, and the presiding officer of each jurisdiction must submit the approved votes by resolution to Walker CAD no later than December 15, 2024.

Previous Council Action: Nomination of officers for the WCAD is conducted every two years.

Financial Implications: There is no financial impact associated with this item.

Approvals:

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:

1. WCAD Voting Entitlement and Directions

Walker County

CHIEF APPRAISER

Stacey M. Poteete



Appraisal District

1060 Hwy 190 East

HUNTSVILLE TX 77340

PHONE: (936) 295-0402 Fax: (936) 295-3061

www.walkercad.org

September 15, 2024

All Jurisdictions with Voting Entitlement for
Walker CAD Board of Directors

RE: Submission of Appraisal District Board of Director Nominations for the 2025 Year

In compliance with Texas Property Tax Code, Section 6.03, Walker CAD is requesting Board of Director nominations from all Jurisdictions in Walker County that have voting entitlement.

Each eligible taxing unit may nominate, by resolution adopted by the governing body one candidate for each of the *FIVE (5) Board of Director positions on the Nomination Ballot provided.

Section 6.03 Texas Property Tax Code requires submission of nominees to the Chief Appraiser before October 15, 2024.

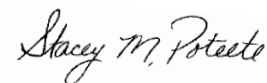
Upon receipt of all nominations, an Official Ballot will be delivered to all jurisdictions with voting entitlement, before October 30th. Please make note of the statutory timeline, as each jurisdiction must vote on the nominees in an open meeting and the presiding officer of each jurisdiction must submit the approved votes by resolution to Walker CAD not later than **December 15, 2024.**

Please note that with the passage of SB2 during the 88th Legislative session, the number of appointed CAD Directors has been reduced from the historical seven to five (5). SB 2 also required the addition of three (3) elected directors. Lastly, the elected Tax Assessor-Collector is now a voting Director. Of the five appointed Directors appointed January 1, 2025, two (2) will serve a one (1) year term, and three (3) will serve a three (3) year term.

All Directors now serve staggered terms, however under current legislation, Walker CAD Directors still do not have term limits.

If you need additional information or have any questions please do not hesitate to call.

Thank you,



Stacey M. Poteete
Chief Appraiser

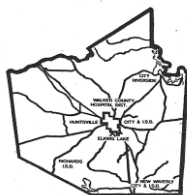
Enclosures: Nomination Ballot & Voting Entitlement

cc: file

Walker County

CHIEF APPRAISER

Stacey M. Poteete



Appraisal District

1060 Hwy 190 East

HUNTSVILLE TX 77340

PHONE: (936) 295-0402 Fax: (936) 295-3061

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Nomination Ballot

In compliance with Section 6.03 of the Texas Property Tax Code, the Chief Appraiser of Walker County Appraisal District is requesting Board of Director nominations from all Jurisdictions in Walker County that are entitled to vote.

Please nominate by resolution one candidate for each of the ***FIVE (5) Board of Director Positions**.

The presiding officer of each governing body must submit nominees to the Walker CAD by October 14, 2024 to be considered.

<u>Current Members</u>	<u>2025 Nominees</u>	<u>Term Length</u>
Jody Crawford (Willing to continue to serve)		1 Yr or 3 Yr
Jack Dean (Willing to continue to serve)		1 Yr or 3 Yr
Blossie Johnson (Retiring Dec 31, 2024)		
Jerry Larrison (Retiring Dec 31, 2024)		
Otis Oliphant (Willing to continue to serve)		1 Yr or 3 Yr
Ed Owens (Willing to continue to serve)		1 Yr or 3 Yr
David Standlee (Willing to continue to serve)		1 Yr or 3 Yr

*Number of appointed directors **reduced to 5 by Senate Bill 2** during the 88th Legislative Session.

Submitted By: _____

Taxing Jurisdiction - Presiding Officer

Date

Please attach a copy of the Resolution approved by governing body.

Walker County

CHIEF APPRAISER
Stacey M. Poteete



Appraisal District

1060 Hwy 190 East
HUNTSVILLE TX 77340

PHONE: (936) 295-0402 Fax: (936) 295-3061

www.walkercad.org

September 15, 2024

Sec. 6.03 of the Texas Property Tax Code describes the procedure to follow during Board of Director nominations appointment and is more specifically described in subsection (d) as follows:

(d) The voting entitlement of a taxing unit that is entitled to vote for directors is determined by dividing the total dollar amount of property taxes imposed in the district by the taxing unit for the **preceding** tax year by the sum of the total dollar amount of property taxes imposed in the district for that year by each taxing unit that is entitled to vote, by multiplying the quotient by 1,000, and by rounding the product to the nearest whole number. That number is multiplied by the number of directorships to be filled. A taxing unit participating in two or more districts is entitled to vote in each district in which it participates, but only the taxes imposed in a district are used to calculate voting entitlement in that district.

In compliance of Section 6.03 (d) the voting entitlement for each Walker CAD Jurisdiction is as follows:

Jurisdiction	2023 Levy	Allocation %	Allocation x 1,000	Voting Entitlement
City of Huntsville	\$9,470,229.34	0.109	90	630
City of Riverside	\$86,184.99	0.001	1	7
Huntsville ISD	\$41,289,156.39	0.474	529	3703
New Waverly ISD	\$6,719,137.77	0.077	79	553
Richards ISD	\$643,476.03	0.007	9	63
Trinity ISD	\$409,278.15	0.005	4	28
Walker County	\$28,445,433.26	0.327	288	2016
Totals*	\$87,062,895.93	1.0000	1,000	7,000

**Does not include ESD #1, ESD #2, ESD #3 or Walker Co. Hospital District., As all 3 have no voting entitlement according to Section 6.03 of the Texas Property Tax Code. NC is excluded as they have not assessed a property tax since 2007.*



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 3.c.

Agenda Item: Consider the appointments to the City of Huntsville Boards and Commissions.

Initiating Department/Presenter: City Council

Presenter:

Russell Humphrey, Mayor

Recommended Motion: Mayor Humphrey nominates the Board and Commission members as presented.

Strategic Initiative: Strategic Priority #3, Quality of Life – Establish an environment where citizens can thrive and enjoy the city in which they live. Provide services that enhance the quality of life for all, with focus on the full life cycle (children, students, families, and retirees) - by creating amenities that support physical, mental and social well-being. Support access to quality health services, education, housing, transportation, recreation and natural environment. Goal #5, Resource Development - Enhance the quality of life for citizens, businesses and visitors by leveraging the human and fiscal resources available to the community.

Discussion: Please see the attached list for appointments to the City of Huntsville Boards and Commissions. Positions on these Boards and Commissions are vacant or expired and need to be filled or reappointed.

Previous Council Action:

Financial Implications:

Approvals:

Sam Masiel

Aron Kulhavy

Kristy Doll

Associated Information:

1. Board Appointments 10-1-2024



CITY OF HUNTSVILLE
BOARD AND COMMISSION APPOINTMENTS/REAPPOINTMENTS

BOARD NAME	SEAT #	APPOINT/ REAPPOINT	BOARD MEMBER	TERM EXPIRES
HUNTSVILLE PUBLIC LIBRARY				
	1	Appoint	Ericka Guadarrama	8-31-2027
ARTS COMMISSION				
	9	Appoint	Megan Buro	8-31-2026
PARKS AND RECREATION				
	3	Appoint	Donald Kopnick	8-31-2027
	4	Appoint	Kelli Ramey	8-31-2026



CITY COUNCIL AGENDA

10/1/2024

Agenda Item Number: 6.a.

Agenda Item: The City Council will convene in closed session as authorized by Texas Government Code, Chapter 551, Section 551.071, to receive legal advice on City Hall Project.

Initiating Department/Presenter: City Attorney

Presenter:

Leonard Schneider, City Attorney

Recommended Motion: Not applicable

Strategic Initiative:

Discussion:

Previous Council Action:

Financial Implications:

Approvals:

Kristy Doll

Associated Information: