

PUBLIC NOTICE
AGENDA
LOCKHART CITY COUNCIL
February 17, 2026
CLARK LIBRARY ANNEX-COUNCIL CHAMBERS
217 SOUTH MAIN STREET, 3RD FLOOR
LOCKHART, TEXAS

6:30 P.M. WORK SESSION (No Action)

Work session will be held to receive briefings and to initially discuss all items contained on the Agenda posted for 7:30 p.m. Generally, this work session is to simplify issues as it relates to the agenda items. No vote will be taken on any issues discussed or reviewed during the work session except to the extent specifically authorized under the Texas Open Meetings Act.

DISCUSSION ONLY

- A. Presentation of a proclamation declaring February 2026 as Dating Violence Awareness and Prevention Month. **6**
- B. Presentation of a proclamation proclaiming February 1-28, 2026 as Career and Technical Education Month in Lockhart. **7**
- C. Introduction of new Police Officer, Derek McDaniel. **8**
- D. Presentation of the 2025 Racial Profiling Report. **9-32**
- E. Discussion regarding the 2026 Courthouse Nights season. **--**
- F. Discussion regarding Resolution No. 2026-12 authorizing an economic development agreement with Gloria Group Partners, LP. **33-48**
- G. Discussion regarding the purchase of a Weis Quick Attack fire apparatus built on a 2026 Ford-F550 Chassis Super Cab and manufactured by Weis Fire & Safety Equipment, LLC in Salina, Kansas utilizing the Houston Galveston Area Council (HGAC) Purchasing Cooperative. The total purchase price of \$264,036 includes a Texas A&M Forest Service Rural Volunteer Fire Department Assistance Program cost-share reimbursement grant in the amount of \$165,000 for a small brush truck. **49-73**
- H. Discussion regarding the purchase of a new service vehicle for Public Works using allocated American Rescue Plan Act funds. **74-114**
- I. Discuss Ordinance 2026-04 vacating and abandoning approximately 0.171 acres of unused public right-of-way consisting of an alley approximately 20 feet in width extending westward from the 700 block of South Blanco Street towards the 700 block of South Guadalupe Street. **115-127**

- J. Discussion regarding Resolution 2026-10, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District Area #1. **128-238**
- K. Discussion regarding Resolution 2026-11, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District, Major Improvement Area. **239-345**
- L. Discuss the First Amended and Restated Subdivision Improvement Agreement with RODG DT Seawillow Prop LLC for the Seawillow Ranch Subdivision and authorize the City Manager to execute the agreement. **346-363**
- M. Discussion regarding approval of a Master Services Agreement with P3Works, LLC for Public Improvement District (PID) and Tax Increment Reinvestment Zone (TIRZ) creation and administration services, including execution of a related Project Agreement for the Seawillow PID/TIRZ. **364-380**
- N. Discussion regarding nomination of Levi Garrett to the Zoning Board of Adjustment and Appeals by Councilmember Taylor Burge for a term to expire in November 2028. **381-388**
- O. Discussion regarding nomination of Rebekah Troche to the Library Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028. **389-393**
- P. Discussion regarding nomination of Paul Rockwood to the Parks & Recreation Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028. **394-398**
- Q. Announcement of nomination of Patricia Belote to the Animal Shelter Advisory Board by Mayor Lew White for a term to expire in November 2026. **399-404**
- R. Announcement of nomination of Maxwell Yancy to the Planning and Zoning Commission by Councilmember Taylor Burge for a term to expire in November 2028. **405-409**
- S. Announcement of nomination of Erica Saucedo to the Planning and Zoning Commission by Councilmember Juan Mendoza for a term to expire in November 2028. **410-414**

7:30 P.M. REGULAR MEETING

1. CALL TO ORDER

Mayor Lew White

2. INVOCATION, PLEDGE OF ALLEGIANCE

Invocation. Pledge of Allegiance to the United States and Texas flags.

3. PUBLIC COMMENT

The purpose of this item is to allow the public an opportunity to address the City Council on issues that are or are not on the agenda. No discussion can be carried out on the citizen/visitor comment about items not on the agenda. Comments are limited to three minutes per speaker.

4. CONSENT AGENDA

- A. Acknowledgment of receipt of the 2025 Racial Profiling Report. **415-438**
- B. Approve the purchase of a Weis Quick Attack fire apparatus built on a 2026 Ford-F550 Chassis Super Cab and manufactured by Weis Fire & Safety Equipment, LLC in Salina, Kansas utilizing the Houston Galveston Area Council (HGAC) Purchasing Cooperative. The total purchase price of \$264,036 includes a Texas A&M Forest Service Rural Volunteer Fire Department Assistance Program cost-share reimbursement grant in the amount of \$165,000 for a small brush truck. **439-463**
- C. Approve the purchase of a new service vehicle for Public Works using allocated American Rescue Plan Act funds. **464-504**
- D. Approve the Master Services Agreement with P3Works, LLC for Public Improvement District (PID) and Tax Increment Reinvestment Zone (TIRZ) creation and administration services, including execution of a related Project Agreement for the Seawillow PID/TIRZ. **505-521**

5. DISCUSSION/ACTION ITEMS

- A. Discussion and/or action to approve Resolution No. 2026-12 authorizing an economic development agreement with Gloria Group Partners, LP **522-537**
- B. Discussion and/or action regarding Ordinance 2026-04 vacating and abandoning approximately 0.171 acres of unused public right-of-way consisting of an alley approximately 20 feet in width extending westward from the 700 block of South Blanco Street towards the 700 block of South Guadalupe Street. **538-550**

- C. Discussion and/or action regarding Resolution 2026-10, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District Area #1. 551-661
- D. Discussion and/or action regarding Resolution 2026-11, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District, Major Improvement Area. 662-768
- E. Discussion and/or action to approve the First Amended and Restated Subdivision Improvement Agreement with RODG DT Seawillow Prop LLC for the Seawillow Ranch Subdivision and authorize the City Manager to execute the agreement. 769-786
- F. Discussion and/or action regarding nomination of Levi Garrett to the Zoning Board of Adjustment and Appeals by Councilmember Taylor Burge for a term to expire in November 2028. 787-794
- G. Discussion and/or action regarding nomination of Rebekah Troche to the Library Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028. 795-799
- H. Discussion and/or action regarding nomination of Paul Rockwood to the Parks & Recreation Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028. 800-804

6. CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION

- Updates on the Downtown Revitalization Project.
- KidFish at City Park on Saturday, March 14th.
- Update regarding Citywide Spring Clean Up Program for Spring 2026.

7. COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST

8. EXECUTIVE SESSION ACCORDANCE WITH THE PROVISIONS OF THE GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.087 TO DELIBERATE OR FOR DISCUSSION REGARDING COMMERCIAL OR FINANCIAL INFORMATION THAT THE GOVERNMENTAL BODY HAS RECEIVED FROM BUSINESS PROSPECT(S) THAT THE GOVERNMENTAL BODY SEEKS TO HAVE LOCATE, STAY, OR EXPAND IN OR NEAR THE TERRITORY OF THE GOVERNMENTAL BODY AND WITH WHICH THE GOVERNMENTAL BODY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS;

OR TO DELIBERATE THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT, AND EXECUTIVE SESSION IN ACCORDANCE WITH THE PROVISIONS OF GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.071, PRIVATE CONSULTATION WITH ATTORNEY TO SEEK LEGAL ADVICE ABOUT MATTERS SUBJECT TO THE ATTORNEY CLIENT PRIVILEGE:

- A. Discussion regarding proposed Development Agreement with Spencewood, Inc., Denise Melde, and Delan Decker for Hillwood Enterprise's proposed master planned community on approximately 1,110 acres to be located east of U.S. 183 and west of Dry Creek Road.

9. OPEN SESSION

- A. Discussion and/or action regarding proposed Development Agreement with Spencewood, Inc., Denise Melde, and Delan Decker for Hillwood Enterprise's proposed master planned community on approximately 1,110 acres to be located east of U.S. 183 and west of Dry Creek Road.

10. ADJOURNMENT

City Council shall have the right at anytime to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

Posted on the bulletin board in the Municipal Building, 308 West San Antonio Street, Lockhart, Texas, on February 10, 2026 at 5:00 p.m.

Proclamation

WHEREAS, one in three adolescents is a victim of physical, sexual, emotional, or verbal abuse from a dating partner; and

WHEREAS, the effects of dating violence impact youth in all communities and cuts across economic, racial, gender, and societal barriers; and

WHEREAS, respectful, supportive, and non-violent relationships are key to safety, health, and academic success; and

WHEREAS, by providing teens and young adults with education about healthy relationships and relationship skills, and by changing attitudes that support violence, we recognize that dating violence can be prevented; and

WHEREAS, family, friends, teachers, coaches, faith leaders, community members, and other important people in young people’s lives have the power to influence youth in positive ways; and

WHEREAS, last year HCWC provided 102 dating violence prevention and healthy relationships presentations to 2,537 teens and young adults; and

WHEREAS, last year HCWC reached an audience of more than 207,680 through Prevention Social Media Posts; and

WHEREAS, the Dating Violence Prevention Education Toolkit was downloaded 247 times, reaching an audience of 141,000; and

WHEREAS, we must work together to raise awareness and promote healthy dating relationships with activities and conversations about mutually respectful and non-violent relationships in our homes, schools, and communities.

NOW, THEREFORE, I, Lew White, by virtue of the authority vested in me as Mayor of Lockhart, Texas do hereby proclaim the month of

February 2026
as

Dating Violence Awareness and Prevention Month
for teens and young adults

and do hereby call upon the citizens of Lockhart to work together to raise awareness and prevent dating violence in our community and beyond.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Seal of Lockhart, Texas, this 17th day of February 2026.

ATTEST:

Julie Bowermon
City Secretary



CITY OF LOCKHART

Lew White
Mayor



Proclamation

Whereas, February 1-28, 2026, has been designated Career and Technical Education Month by the Association for Career and Technical Education; and

Whereas, career and technical education offer students the opportunity to gain the academic, technical and employability skills necessary for true career readiness; and

Whereas, students in career and technical education programs participate in authentic, meaningful experiences that improve the quality of their education and increase their engagement and achievement; and

Whereas, career and technical education provide students and career exploration opportunities earlier in their educational experience, which enables them to make informed and beneficial decisions about their academic coursework and pursue established programs of study and career pathways; and

Whereas, leaders from business and industry nationwide report increasing challenges related to addressing the skills gap and connecting qualified professionals with available careers in critical and growing CTE-related fields, including healthcare, energy, advanced manufacturing, cybersecurity, and information technology; and

Whereas, career and technical education prepare students for these and other fulfilling careers by offering integrated programs of study that link secondary and postsecondary education and lead to the attainment of industry- recognized credentials; and

Whereas, career and technical education programs ensure that employers have access to a qualified and thriving workforce, ensuring America is a strong and competitive economy; and

NOW, THEREFORE, I, Lew White, by virtue of the authority vested in me as Mayor of the City of Lockhart, Texas, do hereby proclaim

February 1-28, 2026

as

“Career and Technical Education Month”

in the City of Lockhart and I urge all citizens to become familiar with the services and benefits offered by the career and technical education programs in this community and to support and participate in these programs to enhance their individual skills and productivity.

IN TESTIMONY, WHEREOF, I have hereto set my hand and cause to be affixed the Seal of the City of Lockhart, Texas this the 17th day of February 2026.

ATTEST:

Julie Bowermon
City Secretary



CITY OF LOCKHART

Lew White
Mayor

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Introduction of new Police Officer, Derek McDaniel.

ORIGINATING DEPARTMENT AND CONTACT: Police - Gary Williamson

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: The Lockhart Police Department is pleased to introduce newly hired Police Officer Derek McDaniel to the City Council. Officer McDaniel began his employment with the Lockhart Police Department on February 2, 2026. He will be completing an approximately four-month field training program, during which he will receive hands-on instruction and evaluation to ensure compliance with departmental policies, procedures, and professional standards. This agenda item provides the City Council an opportunity to formally recognize and welcome Officer McDaniel as he begins his service to the City of Lockhart and its residents.

PROJECT SCHEDULE (if applicable):

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Presentation of the 2025 Racial Profiling Report.

ORIGINATING DEPARTMENT AND CONTACT: Police - Gary Williamson

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: State law requires collection of information relating to motor vehicle stops in which a citation or warning is issued and for arrests made due to traffic stops. In addition, State law requires the following:

1. A comparative analysis of the information compiled;
2. Evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and person who are not recognized as racial or ethnic minorities;
3. Examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including searches resulting from stops within the applicable jurisdiction;
4. Evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered during those searches and whether the individual detained consented to the search;
5. Information relating to each complaint filed with the agency alleging that a peace officer employed by the agency was engaged in racial profiling;
6. Whether the peace officer knew the race or ethnicity of the individual detained before detaining the individual;
7. Whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop;
8. Location of the stops; and
9. The reason for the stops.

PROJECT SCHEDULE (if applicable): N/A

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

City of Lockhart, Texas

Council Agenda Item Cover Sheet

PREVIOUS COUNCIL ACTION: N/A

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: Motion to acknowledge receipt of the 2025 Racial Profiling Report and place it on file.

LIST OF SUPPORTING DOCUMENTS: 2025 Racial Profiling Report - Lockhart PD, 2025 Racial Profiling Analysis - Lockhart PD

Racial Profiling Report | Full

Agency Name: LOCKHART POLICE DEPT.
Reporting Date: 01/23/2026
TCOLE Agency Number: 055201

Chief Administrator: GARY P WILLIAMSON

Agency Contact Information:
Phone: (512) 398-4401
Email: gwilliamson@ps.lockhart-tx.org

Mailing Address:
214 BUFKIN LN, LOCKHART, TX, 786444006

This Agency filed a full report

LOCKHART POLICE DEPT. has adopted a detailed written policy on racial profiling. Our policy:

- 1) clearly defines acts constituting racial profiling;
- 2) strictly prohibits peace officers employed by the LOCKHART POLICE DEPT. from engaging in racial profiling;
- 3) implements a process by which an individual may file a complaint with the LOCKHART POLICE DEPT. if the individual believes that a peace officer employed by the LOCKHART POLICE DEPT. has engaged in racial profiling with respect to the individual;
- 4) provides public education relating to the agency's complaint process;
- 5) requires appropriate corrective action to be taken against a peace officer employed by the LOCKHART POLICE DEPT. who, after an investigation, is shown to have engaged in racial profiling in violation of the LOCKHART POLICE DEPT. policy;
- 6) requires collection of information relating to motor vehicle stops in which a warning or citation is issued and to arrests made as a result of those stops, including information relating to:
 - a. the race or ethnicity of the individual detained;
 - b. whether a search was conducted and, if so, whether the individual detained consented to the search;
 - c. whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;
 - d. whether the peace officer used physical force that resulted in bodily injury during the stop;
 - e. the location of the stop;
 - f. the reason for the stop.
- 7) requires the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
 - a. the Commission on Law Enforcement; and
 - b. the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

The LOCKHART POLICE DEPT. has satisfied the statutory data audit requirements as prescribed in Article 2.133(c), Code of Criminal Procedure during the reporting period.

Executed by: Daniel Williams
Captain

Date: 01/23/2026

Total stops: 5337

Street address or approximate location of the stop

City street	4523
US highway	659
County road	19
State highway	131
Private property or other	5

Was race or ethnicity known prior to stop?

Yes	47
No	5290

Race / Ethnicity

Alaska Native / American Indian	29
Asian / Pacific Islander	44
Black	480
White	1824
Hispanic / Latino	2960

Gender

Female	1865
Alaska Native / American Indian	6
Asian / Pacific Islander	14
Black	158
White	700
Hispanic / Latino	987
Male	3472
Alaska Native / American Indian	23
Asian / Pacific Islander	30
Black	322
White	1124
Hispanic / Latino	1973

Reason for stop?

Violation of law	106
Alaska Native / American Indian	0
Asian / Pacific Islander	1
Black	10
White	39

Hispanic / Latino	56
Preexisting knowledge	20
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	3
White	5
Hispanic / Latino	12
Moving traffic violation	2722
Alaska Native / American Indian	12
Asian / Pacific Islander	24
Black	224
White	973
Hispanic / Latino	1489
Vehicle traffic violation	2489
Alaska Native / American Indian	17
Asian / Pacific Islander	19
Black	243
White	807
Hispanic / Latino	1403
Was a search conducted?	
Yes	286
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	48
White	54
Hispanic / Latino	183
No	5051
Alaska Native / American Indian	28
Asian / Pacific Islander	44
Black	432
White	1770
Hispanic / Latino	2777
Reason for Search?	
Consent	19
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	6

Hispanic / Latino	13			
Contraband	14			
Alaska Native / American Indian	0			
Asian / Pacific Islander	0			
Black	2			
White	2			
Hispanic / Latino	10			
Probable	212			
Alaska Native / American Indian	1			
Asian / Pacific Islander	0			
Black	41			
White	33			
Hispanic / Latino	137			
Inventory	33			
Alaska Native / American Indian	0			
Asian / Pacific Islander	0			
Black	3			
White	11			
Hispanic / Latino	19			
Incident to arrest	8			
Alaska Native / American Indian	0			
Asian / Pacific Islander	0			
Black	2			
White	2			
Hispanic / Latino	4			
Was Contraband discovered?				
Yes	224			
Alaska Native / American Indian	1	Yes	0	No 1
Asian / Pacific Islander	0	Yes	0	No 0
Black	37	Yes	2	No 35
White	37	Yes	8	No 29
Hispanic / Latino	149	Yes	30	No 119
No	62			
Alaska Native / American Indian	0			
Asian / Pacific Islander	0			
Black	11			
White	17			
Hispanic / Latino	34			

Description of contraband

Drugs	180
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	35
White	26
Hispanic / Latino	118
Weapons	3
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	1
Hispanic / Latino	1
Currency	3
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	0
Hispanic / Latino	2
Alcohol	62
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	3
White	11
Hispanic / Latino	48
Stolen property	0
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
Other	61
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	11
White	8
Hispanic / Latino	42

Result of the stop

Verbal warning	266
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Alaska Native / American Indian	0
Asian / Pacific Islander	5
Black	19
White	115
Hispanic / Latino	127
Written warning	3124
Alaska Native / American Indian	22
Asian / Pacific Islander	31
Black	310
White	1167
Hispanic / Latino	1594
Citation	1849
Alaska Native / American Indian	5
Asian / Pacific Islander	8
Black	143
White	519
Hispanic / Latino	1174
Written warning and arrest	56
Alaska Native / American Indian	2
Asian / Pacific Islander	0
Black	5
White	13
Hispanic / Latino	36
Citation and arrest	28
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	5
Hispanic / Latino	22
Arrest	14
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	2
White	5
Hispanic / Latino	7
Arrest based on	
Violation of Penal Code	72
Alaska Native / American Indian	1
Asian / Pacific Islander	0

Black	5
White	17
Hispanic / Latino	49
Violation of Traffic Law	11
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	2
White	3
Hispanic / Latino	5
Violation of City Ordinance	0
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
Outstanding Warrant	15
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	3
Hispanic / Latino	11

Was physical force resulting in bodily injury used during stop?

Yes	0
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
Resulting in Bodily Injury To:	
Suspect	0
Officer	0
Both	0
No	5337
Alaska Native / American Indian	29
Asian / Pacific Islander	44
Black	480
White	1824
Hispanic / Latino	2960

Number of complaints of racial profiling

Total	0
Resulted in disciplinary action	0
Did not result in disciplinary action	0

Comparative Analysis

Use TCOLE's auto generated analysis	☐
Use Department's submitted analysis	☒

Optional Narrative

N/A

Submitted electronically to the



The Texas Commission on Law Enforcement

Texas Racial Profiling SB1187 Dashboard Lockhart, TX PD

January 1, 2025 - December 31, 2025

Type of Stop: All

Stop Result: All

Officer: All

Officer Troop or Unit:

Officer Agency: POLICE DEPARTMENT

01 Total Traffic Stops

5,337

02 Location of Stop

CITY STREET	84.75%	4,523
COUNTY ROAD	0.36%	19
PRIVATE PROPERTY OR OTHER	0.09%	5
STATE HIGHWAY	2.45%	131
US HIGHWAY	12.35%	659
Grand Total	100.00%	5,337

03 Was Race Known Prior to Stop

NO	99.12%	5,290
YES	0.88%	47
Grand Total	100.00%	5,337

04 Race or Ethnicity

ALASKA NATIVE/AMERICAN INDIAN	0.54%	29
ASIAN/PACIFIC ISLANDER	0.82%	44
BLACK	8.99%	480
HISPANIC/LATINO	55.46%	2,960
WHITE	34.18%	1,824
Grand Total	100.00%	5,337

05 Gender

FEMALE	ALASKA NATIVE/AMERICAN INDIAN	0.32%	6
	ASIAN/PACIFIC ISLANDER	0.75%	14
	BLACK	8.47%	158
	HISPANIC/LATINO	52.92%	987
	WHITE	37.53%	700
	Total	100.00%	1,865
MALE	ALASKA NATIVE/AMERICAN INDIAN	0.66%	23
	ASIAN/PACIFIC ISLANDER	0.86%	30
	BLACK	9.27%	322
	HISPANIC/LATINO	56.83%	1,973
	WHITE	32.37%	1,124
	Total	100.00%	3,472
Grand Total		100.00%	5,337

06 Reason for Stop

MOVING TRAFFIC VIOLATION	ALASKA NATIVE/AMERICAN INDIAN	0.44%	12
	ASIAN/PACIFIC ISLANDER	0.88%	24
	BLACK	8.23%	224
	HISPANIC/LATINO	54.70%	1,489
	WHITE	35.75%	973
	Total	100.00%	2,722
PRE EXISTING KNOWLEDGE	BLACK	15.00%	3
	HISPANIC/LATINO	60.00%	12
	WHITE	25.00%	5
	Total	100.00%	20
VEHICLE TRAFFIC VIOLATION	ALASKA NATIVE/AMERICAN INDIAN	0.68%	17
	ASIAN/PACIFIC ISLANDER	0.76%	19
	BLACK	9.76%	243
	HISPANIC/LATINO	56.37%	1,403
	WHITE	32.42%	807
	Total	100.00%	2,489
VIOLATION OF LAW	ASIAN/PACIFIC ISLANDER	0.94%	1
	BLACK	9.43%	10
	HISPANIC/LATINO	52.83%	56
	WHITE	36.79%	39
	Total	100.00%	106
Grand Total		100.00%	5,337

07 Was a Search Conducted

NO	ALASKA NATIVE/AMERICAN INDIAN	0.55%	28
	ASIAN/PACIFIC ISLANDER	0.87%	44
	BLACK	8.55%	432
	HISPANIC/LATINO	54.98%	2,777
	WHITE	35.04%	1,770
	Total	100.00%	5,051
YES	ALASKA NATIVE/AMERICAN INDIAN	0.35%	1
	BLACK	16.78%	48
	HISPANIC/LATINO	63.99%	183
	WHITE	18.88%	54
	Total	100.00%	286
Grand Total		100.00%	5,337

08 Reason for Search

CONSENT	HISPANIC/LATINO	68.42%	13
	WHITE	31.58%	6
	Total	100.00%	19
CONTRABAND IN PLAIN VIEW	BLACK	14.29%	2
	HISPANIC/LATINO	71.43%	10
	WHITE	14.29%	2
	Total	100.00%	14
INCIDENT TO ARREST	BLACK	25.00%	2
	HISPANIC/LATINO	50.00%	4
	WHITE	25.00%	2
	Total	100.00%	8
INVENTORY	BLACK	9.09%	3
	HISPANIC/LATINO	57.58%	19
	WHITE	33.33%	11
	Total	100.00%	33
PROBABLE CAUSE	ALASKA NATIVE/AMERICAN INDIAN	0.47%	1
	BLACK	19.34%	41
	HISPANIC/LATINO	64.62%	137
	WHITE	15.57%	33
	Total	100.00%	212
Grand Total		100.00%	286

09 Was Contraband Discovered

YES	ALASKA NATIVE/AMERICAN INDIAN	Finding Resulted in Arrest - No	0.45%	1
	Total	0.45%	1	
	BLACK	Finding Resulted in Arrest - Yes	0.89%	2
		Finding Resulted in Arrest - No	15.63%	35
	Total	16.52%	37	
	HISPANIC/LATINO	Finding Resulted in Arrest - Yes	13.39%	30
		Finding Resulted in Arrest - No	53.13%	119
	Total	66.52%	149	
	WHITE	Finding Resulted in Arrest - Yes	3.57%	8
		Finding Resulted in Arrest - No	12.95%	29
	Total	16.52%	37	
NO	Total	100.00%	224	
	BLACK	Total	17.74%	11
	HISPANIC/LATINO	Total	54.84%	34
	WHITE	Total	27.42%	17
	Total	100.00%	62	
Grand Total		100.00%	286	

10 Description of Contraband

ALCOHOL	ALASKA NATIVE/AMERICAN INDIAN	1.59%	1
	BLACK	4.76%	3
	HISPANIC/LATINO	76.19%	48
	WHITE	17.46%	11
	Total	100.00%	63
CURRENCY	BLACK	33.33%	1
	HISPANIC/LATINO	66.67%	2
	Total	100.00%	3
DRUGS	ALASKA NATIVE/AMERICAN INDIAN	0.56%	1
	BLACK	19.44%	35
	HISPANIC/LATINO	65.56%	118
	WHITE	14.44%	26
	Total	100.00%	180
OTHER	BLACK	18.03%	11
	HISPANIC/LATINO	68.85%	42
	WHITE	13.11%	8
	Total	100.00%	61
WEAPONS	BLACK	33.33%	1
	HISPANIC/LATINO	33.33%	1
	WHITE	33.33%	1
	Total	100.00%	3
Grand Total		100.00%	310

1.1 Result of Stop

ARREST	BLACK	14.29%	2
	HISPANIC/LATINO	50.00%	7
	WHITE	35.71%	5
	Total	100.00%	14
CITATION	ALASKA NATIVE/AMERICAN INDIAN	0.27%	5
	ASIAN/PACIFIC ISLANDER	0.43%	8
	BLACK	7.73%	143
	HISPANIC/LATINO	63.49%	1,174
	WHITE	28.07%	519
	Total	100.00%	1,849
CITATION AND ARREST	BLACK	3.57%	1
	HISPANIC/LATINO	78.57%	22
	WHITE	17.86%	5
	Total	100.00%	28
VERBAL WARNING	ASIAN/PACIFIC ISLANDER	1.88%	5
	BLACK	7.14%	19
	HISPANIC/LATINO	47.74%	127
	WHITE	43.23%	115
	Total	100.00%	266
WRITTEN WARNING	ALASKA NATIVE/AMERICAN INDIAN	0.70%	22
	ASIAN/PACIFIC ISLANDER	0.99%	31
	BLACK	9.92%	310
	HISPANIC/LATINO	51.02%	1,594
	WHITE	37.36%	1,167
	Total	100.00%	3,124
WRITTEN WARNING AND ARREST	ALASKA NATIVE/AMERICAN INDIAN	3.57%	2
	BLACK	8.93%	5
	HISPANIC/LATINO	64.29%	36
	WHITE	23.21%	13
	Total	100.00%	56
Grand Total		100.00%	5,337

12 Arrest Based On

OUTSTANDING WARRANT	BLACK	6.67%	1
	HISPANIC/LATINO	73.33%	11
	WHITE	20.00%	3
	Total	100.00%	15
	ALASKA NATIVE/AMERICAN INDIAN	1.39%	1
VIOLATION OF PENAL CODE	BLACK	6.94%	5
	HISPANIC/LATINO	68.06%	49
	WHITE	23.61%	17
	Total	100.00%	72
	ALASKA NATIVE/AMERICAN INDIAN	9.09%	1
VIOLATION OF TRAFFIC LAW	BLACK	18.18%	2
	HISPANIC/LATINO	45.45%	5
	WHITE	27.27%	3
	Total	100.00%	11
	ALASKA NATIVE/AMERICAN INDIAN	100.00%	98
Grand Total			

13 Was Physical Force Used

NO USE OF FORCE	ALASKA NATIVE/AMERICAN INDIAN	0.54%	29
	ASIAN/PACIFIC ISLANDER	0.82%	44
	BLACK	8.99%	480
	HISPANIC/LATINO	55.46%	2,960
	WHITE	34.18%	1,824
	Total	100.00%	5,337
Grand Total		100.00%	5,337

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding Resolution No. 2026-12 authorizing an economic development agreement with Gloria Group Partners, LP.

ORIGINATING DEPARTMENT AND CONTACT: Economic Development - Holly Malish

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: Gloria Group Partners (AKA Hugo at the Masur) recently bought and restored the building at 119 W. San Antonio Street. First and third floors are open and intended to be used for meetings, forums, and music events. The second floor has been converted into Class A office space and is fully leased. The owner approached the EDC for reimbursement costs for necessary building improvements.

The 2023 Targeted Business Refresh Strategy highlighted the poor effort in providing Class A office space in 2020 with little improvement shown in 2023 and this addition helps to advance the goal. Additionally, quality of life was identified as the second most important factor in site selection based on *Area Development Magazine's* Corporate Survey making the target of contributing to tourism/hospitality a valuable part of Lockhart's economic development strategy.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION: Lockhart EDC Board approved and recommended approval by City Council on February 9, 2026.

STAFF RECOMMENDATION/REQUESTED MOTION: Staff recommends approval of Resolution No. 2026-12

LIST OF SUPPORTING DOCUMENTS: City Council RESOLUTION No 2026-12 Gloria Group

City of Lockhart, Texas

Council Agenda Item Cover Sheet

Partners, RESOLUTION No 2026-01 Gloria Group Partners, Gloria Group Partners Incentive Agreement 02.09.26

RESOLUTION NO. 2026-12

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF LOCKHART APPROVING AN ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH GLORIA GROUP PARTNERS, LP; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council for the City of Lockhart (the “City Council”), seeks to approve an economic development corporation agreement created under Chapters 501–505 of the Texas Local Government Code, as authorized to use Type B sales tax revenue to promote new and expanded business enterprises and to enter into performance-based incentive agreements; and

WHEREAS, Section 501.158 of the Texas Local Government Code requires performance agreements to include, at minimum, commitments for job creation/retention, payroll, capital investment, and recapture provisions; and

WHEREAS, Gloria Group Partners, LP (the “Company”) has acquired and improved property located at 119 W. San Antonio Street, Lockhart, Texas, and has invested not less than \$3,150,000 in building improvements and upgrades and will create or maintain at least 25 full time jobs; and

WHEREAS, the Company’s redevelopment of the property will support expanded business enterprise, enhance tourism, increase employment opportunities, and contribute to increased real property value and economic activity within the City of Lockhart; and

WHEREAS, the City Council desires to provide a performance-based Infrastructure Rebate not to exceed \$200,000, payable upon the Company’s submission of receipts, proof of payment for qualified improvements, successful maintenance of required jobs, payroll, and valuation levels as detailed in the performance table contained in the Agreement; and

WHEREAS, the Company agrees to comply with all terms, conditions, reporting requirements, and recapture obligations as set forth in the Economic Development Performance Agreement (“Agreement”) attached hereto as Exhibit A and incorporated by reference; and

WHEREAS, the Lockhart Economic Development Corporation (the “LEDC”) Board of Directors recommends approval of the project for it meets all statutory requirements of the Development Corporation Act, serves a valid public purpose, aligns with the Lockhart 2023 Targeted Business Strategy Refresh Plan, and will result in positive economic benefit to the community; and

WHEREAS, the City Council desires to formally approve the Agreement and authorize the President of the LEDC to execute all documents necessary to carry out the intent of this Resolution.

NOW, THEREFORE, BEIT RESOLVED BY CITY COUNCIL FOR THE CITY OF LOCKHART THAT:

Section 1. All of the above premises are hereby found to true and correct legislative findings of the City Council of the City of Lockhart and are hereby adopted and incorporated in the body of this Resolution for all purposes

Section 2. The President of the LEDC is authorized to execute the Agreement, including any exhibits, certifications, reports, and supporting documents necessary to implement the incentives therein.

Section 3. The Executive Director of the LEDC is further authorized to administer and oversee the Agreement, monitor compliance, process rebate payments, and enforce recapture provisions as required.

Section 4. This Resolution shall take effect immediately upon its passage.

PASSED AND APPROVED on this 17th day of February, 2026.

CITY OF LOCKHART

Lew White
Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Bowermon
City Secretary

Brad Bullock
City Attorney

RESOLUTION NO. 2026-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOCKHART ECONOMIC DEVELOPMENT CORPORATION APPROVING AN ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH GLORIA GROUP PARTNERS, LP, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE ALL DOCUMENTS RELATED THEREWITH.

WHEREAS, the Lockhart Economic Development Corporation (“LEDC”), a Type B economic development corporation created under Chapters 501–505 of the Texas Local Government Code, is authorized to use Type B sales tax revenue to promote new and expanded business enterprises and to enter into performance-based incentive agreements; and

WHEREAS, Section 501.158 of the Texas Local Government Code requires performance agreements to include, at minimum, commitments for job creation/retention, payroll, capital investment, and recapture provisions; and

WHEREAS, Gloria Group Partners, LP (the “Company”) has acquired and improved property located at 119 W. San Antonio Street, Lockhart, Texas, and has invested not less than \$3,150,000 in building improvements and upgrades and will create or maintain at least 25 full time jobs; and

WHEREAS, the Company’s redevelopment of the property will support expanded business enterprise, enhance tourism, increase employment opportunities, and contribute to increased real property value and economic activity within the City of Lockhart; and

WHEREAS, the LEDC desires to provide a performance-based Infrastructure Rebate not to exceed \$200,000, payable upon the Company’s submission of receipts, proof of payment for qualified improvements, and successful maintenance of required jobs, payroll, and valuation levels as detailed in the performance table contained in the Agreement; and

WHEREAS, the Company agrees to comply with all terms, conditions, reporting requirements, and recapture obligations as set forth in the Economic Development Performance Agreement (“Agreement”); and

WHEREAS, the LEDC Board of Directors finds that the Agreement meets all statutory requirements of the Development Corporation Act, serves a valid public purpose, aligns with the Lockhart 2023 Targeted Business Strategy Refresh Plan, and will result in positive economic benefit to the community; and

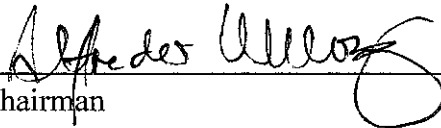
WHEREAS, the LEDC Board of Directors desires to formally approve the Agreement and authorize the Executive Director to execute all documents necessary to carry out the intent of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOCKHART ECONOMIC DEVELOPMENT CORPORATION THAT:

1. The LEDC Board hereby approves the Economic Development Performance Agreement between the LEDC and Gloria Group Partners, LP, substantially in the form presented to the Board.
2. The Executive Director is authorized to execute the Agreement, including any exhibits, certifications, reports, and supporting documents necessary to implement the incentives therein.
3. The Executive Director is further authorized to administer and oversee the Agreement, monitor compliance, process rebate payments, and enforce recapture provisions as required.
4. This Resolution shall take effect immediately upon its passage.

PASSED AND APPROVED on this 9th day of February, 2026.

**LOCKHART ECONOMIC DEVELOPMENT
CORPORATION**


Chairman

Attest:

Approved as to form:


Executive Director

LEDC Board Attorney

ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT
Gloria Group Partners, LP

This Economic Development Performance Agreement (the "Agreement") is entered into by and between the Lockhart Economic Development Corporation, a Type-B economic development corporation ("LEDC"), and Gloria Group Partners, a Texas limited partnership ("Company"), and is entered into effective as of the last date signed by the parties hereto ("Effective Date"). Company and LEDC may be referred collectively as the "Parties" and sometimes individually referred to as a "Party."

RECITALS

WHEREAS, the Development Corporation Act of 1979, as amended (Section 501.001 et seq, Texas Local Government Code, formerly the Development Corporation Act of 1979) (the "Act") authorizes a development corporation to fund certain projects as defined by the Act and requires development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section 501.158 of the Act requires a performance agreement to provide at a minimum for a schedule of additional payroll or jobs to be created or retained and capital investment to be made as consideration for any direct incentives provided or expenditures made by the corporation under the agreement and to specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, the LEDC Board finds that the Project as herein described and carried out is an "Authorized Project" as that term is defined in Chapter 505.158 of the Texas Local Government Code, as amended; and that it will promote new or expanded business development in the City; and

WHEREAS, Company desires to upgrade their facility, located at 119 W. San Antonio St, Lockhart, Texas 78644 (the "Property") at an estimated investment of THREE MILLION AND ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$3,150,000.00) for on-site building improvements and upgrades and which is expected to create and/or retain 25 jobs (the "Project"); and

WHEREAS, the LEDC wishes to provide the Company with an economic incentive to encourage the Company success of the Project, and the Company wishes to accept such economic incentive on the terms and conditions set forth in this Agreement; and

WHEREAS, Company acknowledges and agrees that the LEDC, in granting this economic incentive to the Company, is relying upon Company's representations, warranties, and agreements, as set forth and provided for in this Agreement, and the LEDC's tender of the economic incentive contemplated by this Agreement is contingent upon the Company agreeing to repay, in full, the economic incentives the Company

receives from the LEDC pursuant to the terms hereunder in the event of the Company's uncured breach of its obligations hereunder; and

WHEREAS, the commitments contained in this Agreement shall become legally binding obligations enforceable against the Parties upon the Parties approving and executing this Agreement subject to the approval of the City Council of Lockhart, Texas.

WHEREAS, LEDC intends to provide an infrastructure rebate not to exceed TWO HUNDRED THOUSAND DOLLARS (\$200,000), upon providing copies of receipts, and providing proof of payment for completion of building upgrades; and

WHEREAS, the LEDC desires to offer incentives to Company to enable Company to increase real and business personal property, workforce and drive tourism pursuant to this Agreement in substantial conformity with Lockhart 2023 Targeted Business Strategy Refresh Plan and the Act; and

NOW, THEREFORE, in consideration of the mutual covenants, benefits and agreements described and contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and further described herein, the Parties agree as follows:

ARTICLE 1 RECITALS

The recitals set forth above are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.

ARTICLE II AUTHORITY AND TERM

1. Authority. The LEDC's execution of this Agreement is authorized by the Act and constitutes a valid and binding obligation of the LEDC. The LEDC acknowledges that Company is acting in reliance upon the LEDC's performance of its obligations under this Agreement in making the decision to commit substantial and money to the establishment of the Project, hereinafter established.

2. Term. This Agreement shall become enforceable upon the Effective Date, hereinafter established, and shall continue until the Expiration Date, hereinafter established, unless terminated sooner or extended by mutual agreement of the Parties in the manner provided for herein.

3. Purpose. The purpose of this Agreement is to formalize the agreements between Company and the LEDC for the payment of certain incentive funds to assist with costs associated with the Project and specifically state covenants, representations of the Parties, and the incentives associated with Company's commitment to abide by the provisions

of the Act and to abide by the terms of this Agreement which has been approved by the LEDC and Company as complying with the specific requirements of the Act. It is expressly agreed that this Agreement constitutes a single transaction. A failure to perform any obligation by Company may constitute a breach of the entire Agreement and terminate any further commitments (if any) by the LEDC unless an alternative penalty or remedy is provided for herein.

4. Administration of Agreement. Upon the Effective Date, the LEDC delegates the administration and oversight of this Agreement to the Director of the LEDC. Any proposed amendments to the Agreement shall require the approval of the Board of Directors of the LEDC.

ARTICLE III DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed below. All undefined terms shall retain their usual and customary meaning as by common and ordinary usage.

"Bankruptcy" shall mean the dissolution or termination of a Party's existence as a going business, insolvency, appointment of receiver for any party of such Party's property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

"Default" shall mean failure by any Party to timely and substantially comply with any performance requirement, duty, or covenant if uncured within sixty (60) days of receiving written notice from any other Party.

"Effective Date" shall be the date of the last signature authorizing this agreement.

"Expiration Date" shall mean January 1, 2030.

"Facility" shall mean the building and site improvements located at 119 W. San Antonio St, Lockhart TX 78644.

"Infrastructure Rebate" shall mean a rebate on invoices provided for construction and installation of infrastructure, finish-out improvements, upgrades, and fixtures not to exceed TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000).

"Investment Amount" means the aggregate of all costs and expenses incurred or expended by Company in connection with its acquisition, development, and improvement of the Property, including, without limitation, all design costs, hard and soft costs of construction, costs of equipment and fixtures for the operation of the Facility, leasing costs, financing costs, and permit fees.

"Project Expenses" shall mean all costs and expenses incurred by Company in connection with the Project.

"State of Texas" shall mean the Office of the Texas Comptroller, or its successor.

ARTICLE IV ECONOMIC DEVELOPMENT TERMS AND CONDITIONS

1. Infrastructure Rebate. Subject to the satisfaction of all the terms and conditions of this Agreement and the obligation of Company to repay the rebate pursuant to Article V hereof, the LEDC agrees to provide Company with an Infrastructure Rebate not to exceed TWO HUNDRED THOUSAND DOLLARS AND NO/100 DOLLARS (\$200,000.00). The rebate shall be paid to Company within sixty (60) days after receipt by the LEDC Director of receipts and proof of payment of all Project and must maintain the minimum jobs criteria and minimum real and business personal property outlined in the Performance Table (below) for the duration of the Agreement.

Performance Table

Period Ending Dec 31	Full-Time Employees	Total Payroll	Minimum Real and Business Personal Property	Certification Date
Year 1 - 2026	5	\$100,000	\$1,500,000	15-APR-27
Year 2 - 2027	10	\$200,000	\$1,500,000	15-APR-28
Year 3 - 2028	15	\$300,000	\$1,500,000	15-APR-29
Year 4 - 2029	20	\$400,000	\$1,500,000	15-APR-30
Year 5 - 2030	25	\$500,000	\$1,500,000	15-APR-31

2. Current Revenue. The funds distributed hereunder shall be paid solely from lawfully available funds to the LEDC. Under no circumstances shall the obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. None of the obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

3. Confidentiality. The LEDC, to the extent allowed by law, shall keep all tax information and documentation received, pursuant to this Agreement hereof, confidential. In the event a request is made for such information pursuant to the Texas Public Information Act, LEDC will not disclose the information unless required to do so by the Attorney General of Texas under the provisions of the applicable statutes.

4. Conditions Precedent. The obligation of the LEDC to pay funds in the form of an Infrastructure Rebate shall be conditioned upon Company successfully obtaining a

Certificate of Occupancy and providing to the LEDC of receipts and proof of payment of all Project Expenses incurred by Company.

5. Annual Report. The Company shall submit an Annual Report (an "Annual Report") for the preceding Calendar Year to the Executive Director of the LEDC each year not later than April 15th each year. The Annual Report should substantially conform to the Annual Report Form attached as Exhibit A to this Agreement along with a copy of IRS Form 941. The first Annual Report will be due April 1, 2027.

ARTICLE V COVENANTS AND DUTIES

1. Company's Covenants and Duties. Company makes the following covenants and warranties to the LEDC and agrees to timely and fully perform the obligations and duties contained in Article IV of this Agreement. Any false or substantially misleading statements contained herein or failure to timely and fully perform those obligations and duties within this Agreement shall be an act of Default by the Company.

(a) Company is authorized to do business and is in good standing in the State of Texas and shall remain in good standing in the State of Texas and the United States of America during any time of this Agreement and shall timely and fully comply with all of the terms and conditions of this Agreement to commence and complete the Project in accordance with the Agreement.

(b) The execution of this Agreement has been duly authorized by Company's authorized agent, and the individual signing this Agreement is empowered to execute such Agreement and bind the Company. Said authorization, signing, and binding effect is not in contravention of any law, rule, regulation, or of the provisions of Company's by-laws, or of any agreement or instrument to which Company is a party to or by which it may be bound.

(c) Company is not a party to any Bankruptcy proceedings currently pending or contemplated, and Company has not been informed of any potential involuntary Bankruptcy proceedings.

(d) To its current, actual knowledge, and subject to Company's receipt of the Certificate of Occupancy (or other approvals and permits to be obtained under subpart (f) immediately below), Company has acquired and maintained all necessary rights, licenses, permits, and authority to carry on its business in the City and will continue to use commercially reasonable efforts to maintain all necessary rights, licenses, permits, and authority.

(e) Company agrees to obtain or cause to be obtained, all necessary permits and approvals from the City and/or all other governmental agencies having jurisdiction over the construction of any improvements to the Facility and shall be responsible for paying, or causing to be paid, to the City and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project.

(f) Company shall cooperate with the LEDC in providing all necessary information and documentation to assist the LEDC in its determination that Company is in compliance with this Agreement.

(g) During the term of this Agreement, Company agrees to not knowingly employ any undocumented workers as part of the Project, and, if convicted of a violation under 8 U.S.C. Section 1324a, Company shall be in Default and subject to the remedies set forth in this Agreement. Company is not liable for an unknown violation of this Section by a subsidiary, affiliate, or franchisee of Company or by a person with whom Company contracts provided however that identical federal law requirements provided for herein shall be included as part of any agreement or contract which Company enters into with any subsidiary, assignee, affiliate, or franchisee for which the Infrastructure Rebate provided herein will be used.

(h) Maintain and prepare financial statements in accordance with sound accounting principles and permit the LEDC to visit, examine, audit, inspect, and make and take away copies or reproductions of Company's book of accounts and other records at mutually agreed upon times (provided, the LEDC shall pay the reasonable fees and disbursements of any accountants or other agents of the LEDC, selected by the LEDC, for the foregoing purposes). Unless written notice of another location is given to the LEDC, Company's books and records will be located 119 W. San Antonio St, Lockhart, Texas 78644.

2. LEDC's Covenants and Duties. The LEDC is obligated to pay Company an Infrastructure Rebate equal to TWO HUNDRED THOUSAND DOLLAR AND NO/100 DOLLARS (\$200,000) upon Company's delivery to the LEDC of receipts and proof of payment of all Project expenses incurred by Company.

3. Substantial Compliance and Default. Failure by any Party to timely and substantially comply with any performance requirement, duty, or covenant (including, without limitation, Company's failure to comply with Section 1(i) of Article V hereof) shall be considered a "Default" under this Agreement if uncured within sixty (60) days of receiving written notice of such failure from any other Party. Failure of Company to timely and substantially cure a default will give the LEDC the right to terminate this Agreement, as reasonably determined by the Board of Directors of the LEDC.

4. Recapture. In the event of Default by the Company, the LEDC shall, as its sole and exclusive remedy for Default hereunder, after providing Company written notice and an opportunity to cure, have the right to recapture all Infrastructure Rebate amounts previously paid to Company under this Agreement (as applicable, the "Recaptured Amount"). The Recaptured Amount shall be paid by Company within one hundred twenty (120) days after the date Company is notified by the LEDC of such Default (the "Payment Date"), provided said Default was not cured. In the event the Recaptured Amount is not repaid by the applicable Payment Date, the unpaid portion thereof shall accrue interest at the rate of two percent (2.00%) per annum from the Effective Date until paid in full. Company's obligation to pay the Recaptured Amount shall survive the termination of this Agreement.

ARTICLE VI TERMINATION

This Agreement shall terminate upon the earliest occurrence of any one or more of the following:

- (a) The written agreement of the Parties;
- (b) The Agreement's Expiration Date as defined in Article III; or
- (c) Default by Company (at the option of the LEDC).

ARTICLE VII DISPUTE RESOLUTION

1. In the event of any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement, the Parties shall attempt in good faith to resolve the same by good faith mediation before a mediator mutually agreed to by the Parties.

2. In the event that the claim or controversy is not settled by mediation or any other alternative dispute resolution method agreed to by the Parties, either Party may file suit in a court of competent jurisdiction sitting in the State of Texas.

ARTICLE VIII MISCELLANEOUS

1. Binding Agreement. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the Parties, and their respective successors and assigns. The Executive Director of the LEDC shall be responsible for the administration of this Agreement and shall have the authority to execute any instruments, duly approved by the LEDC, on behalf of the Parties related thereto. Notwithstanding any other provision of this Agreement to the contrary, performance of either Party under this Agreement is specifically contingent on Company obtaining a Certificate of Occupancy from the City and tenant commencing operations at the Facility under the terms of this Agreement.

2. Mutual Assistance. The Parties will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carving out such terms and provisions.

3. Representations and Warranties. The LEDC represents and warrants to Company that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Company represents and warrants to the LEDC that it has the requisite authority to enter into this Agreement.

4. Assignment. Company shall not have the right to assign all of its rights, duties, and obligations under this Agreement to a duly qualified third party. Any assignment provided herein shall not serve to enlarge or diminish the obligations and requirements of this Agreement, nor shall they relieve Company of any liability to the LEDC including any

required indemnity in the event that any Assignee hereof shall at any time be in Default of the terms of this Agreement.

5. Notice. Any notice required or permitted to be delivered hereunder shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses or at such addresses provided by the parties in writing hereafter:

If intended for LEDC: Lockhart Economic Development Corporation
Attention: Executive Dir. of Economic Development
215 E Market Street
Lockhart, TX 78644

With a Copy To: Messer Fort
Attention: Bradford E. Bullock
4201 W. Parmer Lane
Ste C-150
Austin, TX 78644

If to the Company: Gloria Group Partners, LP
Attention: Charlie Tames
PO Box 302634
Austin, TX 78703

Any Party may designate a different address at any time upon written notice to other Parties.

7. Governing Law. The Agreement shall be governed by the laws of the State of Texas, and the venue for any action concerning this Agreement shall be in the Courts of Caldwell County. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

8. Amendment. This Agreement may be amended by mutual written agreement of the Parties, as approved by the Board of Directors of the LEDC.

9. Legal Construction. In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this Agreement.

10. Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which Party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, whatever its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any Party.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other

collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Agreement, except as provided for in any Exhibits attached hereto or duly approved amendments to this Agreement, as approved by the Board of Directors of the LEDC.

12. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

13. Exhibits. Any Exhibits attached hereto are incorporated by reference for all purposes.

14. Indemnification. **COMPANY AGREES TO DEFEND, INDEMNIFY AND HOLD THE LEDC, ITS OFFICERS, AGENTS SERVANTS AND EMPLOYEES (EACH AN "INDEMNIFIED PARTY"), HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THOSE FOR PROPERTY DAMAGE OR LOSS AND/OR PERSONAL INJURY, INCLUDING DEATH, THAT MAY ARISE OUT OF OR BE OCCASIONED BY (i) COMPANY'S DEFAULT WITH RESPECT TO ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF COMPANY, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS OR LESSEES, RELATED TO THE PROPERTY, IMPROVEMENTS ON THE PROPERTY, INCLUDING THE PROJECT IMPROVEMENTS AND ANY OPERATIONS AND ACTIVITIES THEREON, OR OTHERWISE TO THE PERFORMANCE OF THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, COMPANY SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY THE LEDC AGAINST CLAIMS CAUSED BY AN INDEMNIFIED PARTY'S NEGLIGENCE OR WILLFUL MISCONDUCT, AND IF THE LEDC INCURS CLAIMS THAT ARE CAUSED BY THE CONCURRENT FAULT OR NEGLIGENCE OF COMPANY AND AN INDEMNIFIED PARTY, THE COMPANY'S INDEMNITY OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL CLAIMS EQUIVALENT TO COMPANY'S OWN PERCENTAGE OF RESPONSIBILITY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

TO THE EXTENT ALLOWED BY LAW, THE LEDC HEREBY RELEASES AND AGREES TO HOLD HARMLESS COMPANY, ITS OFFICERS, AGENTS, AFFILIATES AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO THOSE FOR PROPERTY DAMAGE OR LOSS AND/OR PERSONAL INJURY, INCLUDING DEATH, THAT MAY RELATE TO, ARISE OUT OF OR BE OCCASIONED BY (i) THE LEDC'S DEFAULT WITH RESPECT TO ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF THE LEDC, ITS OFFICERS, SERVANTS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS OR SUBCONTRACTORS, RELATED TO THE PROPERTY, IMPROVEMENTS ON THE PROPERTY, INCLUDING THE PROJECT IMPROVEMENTS, AND ANY OPERATIONS AND ACTIVITIES THEREON, OR

OTHERWISE TO THE PERFORMANCE OF THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, THE LEDC SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY COMPANY AGAINST CLAIMS CAUSED BY COMPANY'S NEGLIGENCE OR WILLFUL MISCONDUCT, AND IF COMPANY INCURS CLAIMS THAT ARE CAUSED BY THE CONCURRENT FAULT OR NEGLIGENCE OF COMPANY AND THE LEDC, THE LEDC'S OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL CLAIMS EQUIVALENT TO THE LEDC'S OWN PERCENTAGE OF RESPONSIBILITY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

15. Additional Instruments. The Parties agree and covenant to cooperate, negotiate in good faith, and to execute such other and further instruments and documents as may be reasonably required to fulfill the public purposes provided for and included within this Agreement.

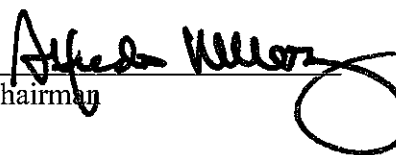
The undersigned parties have executed this Agreement on the dates indicated below.

PASSED, APPROVED and ADOPTED on this 9th day of February 2026, by the Lockhart Economic Development Corporation.

Gloria Group Partners, LP
a Texas limited partnership

Carlos Tames, Manager

LOCKHART ECONOMIC DEVELOPMENT
CORPORATION


Chairman

Attest:


Holly Malish, Executive Director

Approved as to Form:

LEDC Board Attorney

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding the purchase of a Weis Quick Attack fire apparatus built on a 2026 Ford-F550 Chassis Super Cab and manufactured by Weis Fire & Safety Equipment, LLC in Salina, Kansas utilizing the Houston Galveston Area Council (HGAC) Purchasing Cooperative. The total purchase price of \$264,036 includes a Texas A&M Forest Service Rural Volunteer Fire Department Assistance Program cost-share reimbursement grant in the amount of \$165,000 for a small brush truck.

ORIGINATING DEPARTMENT AND CONTACT: Fire - Randy Jenkins

ACTION REQUESTED: Approval of Bid

BACKGROUND/SUMMARY/DISCUSSION: The Rural Volunteer Fire Department Assistance Program was established in 2001 (HB 2604) to assist small volunteer/combination fire departments with the purchase of equipment and/or training.

The cost-share reimbursement grant is for 95% of the actual cost of a small brush truck, not to exceed \$165,000. Once the brush truck is delivered to Lockhart, proof of purchase is provided, and the brush truck is inspected by the Texas A&M Forest Service, the reimbursement will occur. The small brush truck must meet the minimum standards outlined by the Texas A&M Forest Service and must remain in firefighting service for a minimum of 10 years.

The Texas A&M Forest Service small brush truck grant was accepted by City Council on November 6, 2025. The specifications were developed and the manufacturer selected based on a previous brush truck purchased with American Rescue Plan Act (ARPA) funds on March 4, 2025. The grant expires on October 14, 2026, but may be extended upon request.

The total cost of the brush truck is \$264,036. The reimbursement grant amount is \$165,000. The amount the City of Lockhart is responsible for after reimbursement is \$99,036. The city's cost-share portion will be from General Fund Balance.

PROJECT SCHEDULE (if applicable): The expected completion time is 18 months (August 2027) from purchase. The brush truck grant expires on October 14, 2026. Due to the large number of brush trucks funded, the deadline may be extended by request.

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: The Texas A&M Forest Service small brush truck reimbursement grant was accepted by City Council on November 6, 2025.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: Staff recommends approving the purchase of the small brush truck utilizing the Texas A&M Forest Service Rural Volunteer Fire Department Assistance Program cost-share reimbursement grant.

LIST OF SUPPORTING DOCUMENTS: Apparatus Proposal - 1-6-26, Weis Fire Safety Contract - 1-20-26, Weis Quick Attack Specifications 12-30-25, TAMFS Truck Grant Guidelines



Weis Fire & Safety Equipment, LLC.

111 E. Pacific * P.O. Box 3467

Salina, Kansas 67402-3467

785-825-9527 * 1-888-689-9347 * 785-825-9538 Fax

www.weisfiresafety.com

"It's a Weis choice"

WEIS FIRE PROPOSAL

TO: Lockhart Fire Rescue, TX

DATE: 01/06/2026

GENTLEMEN:

WEIS FIRE AND SAFETY EQUIPMENT, LLC, HEREBY PROPOSES TO MANUFACTURE AND FURNISH YOU, SUBJECT TO YOUR ACCEPTANCE OF THIS PROPOSAL AND THE PROPER SIGNING AND EXECUTION OF THE ATTACHED CONTRACT AND ADDENDUM(S) BY THE PARTIES THERETO, THE APPARATUS AND APPURTENANCES HEREIN DESCRIBED AND FOR THE FOLLOWING PRICES LISTED BELOW. IN THE EVENT THE PURCHASER USES ITS OWN PURCHASE ORDER OR ITS OWN CONTRACT PAGES IN LIEU OF SIGNING THE ATTACHED CONTRACT, IT SHALL BE UNDERSTOOD BY ALL PARTIES THAT ALL TERMS AND CONDITIONS OF THE ATTACHED CONTRACT AND ADDENDUM(S) SHALL TAKE PRECEDENCE OVER ANY AND ALL OTHER DOCUMENTS.

One (1) 2026 Weis Fire Quick Attack 400RM on a 2026 Ford-550 gasoline chassis

PRICE: \$261,036.00 APPARATUS

\$1,000.00 H-GAC FEE

\$2,000.00 CONTINGENCY (any unused amount will be credited if not used)

\$264,036.00 TOTAL PROPOSAL PRICE

NO FEDERAL, STATE, OR LOCAL TAXES ARE INCLUDED, UNLESS SUCH TAXES ARE ITEMIZED.

DELIVERY: 18 Months

F.O.B. Salina, KS.

All apparatus and appurtenances shall be manufactured in accordance with the attached specifications, with the same specifications becoming a part of the contract. Delivery shall be made within the time specified above after receipt and acceptance by WEIS FIRE AND SAFETY EQUIPMENT, LLC, of the properly signed and executed contract and addendum(s). The delivery time indicated is based on the best delivery knowledge available at this time. Delivery shall be contingent upon delays or failure to deliver from our suppliers, delays caused by or resulting from labor problems, chassis shortages, strikes, fire, flood, accidents, any other acts of God, or any other circumstances which are beyond the control of this corporation.

TERMS OF PAYMENT:

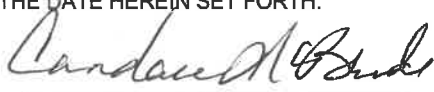
- Chassis payment due upon arrival at Weis Fire facility
- Balance due upon completion.

Note: An estimated chassis price of \$63,522.00 has been included in the proposed price. If a contract is initiated, an invoice would be presented when the 2026 chassis arrives. The price difference would be added to or subtracted from the contract price at that time.

Prices quoted herein are based on current costs, including existing tariff rates, at the time of the quote. In the event of any increase in tariffs, import duties, taxes or similar charges imposed by government authorities, either direct or indirect, after the issuance of this quote, we reserve the right to adjust the quoted prices accordingly to reflect such changes.

ALL PRICES OR QUOTATIONS ARE SUBJECT TO CHANGE OR WITHDRAWAL UNLESS ACCEPTED WITH 30 DAYS FROM THE DATE HEREIN SET FORTH.

BY:



Candace McBride
Candace McBride – Apparatus Sales Manager



Weis Fire & Safety Equipment, LLC.

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Salina, Kansas 67402-3467

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"It's a Weis choice"

WEIS FIRE SAFETY CONTRACT

AGREEMENT, Made this date, January 20th, 2026, between **WEIS FIRE AND SAFETY EQUIPMENT, LLC** (Hereafter known as Weis Fire and Safety) and **CITY OF LOCKHART** (Hereafter known as the **BUYER**) in accordance with the conditions written below and the specifications and addendum (s) attached, which are made part of the contract. This agreement does not become binding until it is agreed to and accepted in writing and is properly signed by an officer of Weis Fire and Safety.

TERMS OF PAYMENT-The Buyer agrees to purchase one (1) Weis Fire Quick Attack 400RM for the total sum of \$264,036.00 excluding any taxes (IF APPLICABLE) to be paid in full, as per terms below. The vehicle shall not be released to the **BUYER** until payment is made. Purchaser will be responsible for paying any applicable sales tax to federal, state or local agency, tax *not* included in this price.

Payment shall be made directly to Weis Fire and Safety. No checks or any other form of payment shall be made to any sales representatives, dealers, agents, etc... except on presentation, in writing of an express power of attorney, executed by an officer of Weis Fire and Safety, authorizing payment to any other party on behalf of Weis Fire and Safety.

IF THESE PAYMENT TERMS ARE NOT STRICTLY ADHERED TO, WEIS FIRE AND SAFETY SHALL ASSESS A DAILY INTEREST CHARGE BASED ON AN ANNUAL PERCENTAGE RATE OF 18% ON THE UNPAID BALANCE. IF MORE THAN ONE VEHICLE IS COVERED BY THIS CONTRACT AND THE VEHICLES ARE SHIPPED ON DIFFERENT DATES, THE TERMS STATED ABOVE SHALL APPLY TO EACH VEHICLE.

TERMS OF PAYMENT:

- Chassis payment is due when the chassis arrives at Weis Fire and Safety.
- Net due upon completion.

DELIVERY-Delivery shall be F.O.B. Salina Kansas, with-in 18 months**.

Force Majeure - Weis Fire and Safety shall not be held liable for damages from its failure to make or delay in making deliveries as a result of fire, flood, riots,

strikes, chassis shortages or delays caused by its suppliers, any acts of God, or any other circumstances beyond Weis Fire and Safety control. Price reflected herein is based on current costs, including existing tariff rates, at the time of the contract. In the event of any increase in tariff direct or indirect, import duties, taxes or similar charges imposed by government authorities after the issuance of this contract, we reserve the right to adjust the price accordingly to reflect such changes.

PRE-BUILD MEETING- In order to provide completion of the apparatus on the stated schedule, it is imperative that we have the Pre-Build meeting no later than 60 days from date of contact. Delays in completing the Pre-build Meeting in the above-mentioned schedule will potentially result in a delayed production start and completion date.

Weis Fire and Safety complies with all civil rights laws and regulations.

INSPECTION-The BUYER shall inspect the apparatus immediately upon delivery and shall give written notice within Ten (10) days of any defects. The vehicle shall be deemed accepted if the BUYER fails to give such notice. The BUYER expressly waives any rights the BUYER may have to revoke acceptance after the Ten (10) day period.

AMENDMENT(S)-No modifications, alterations, additions, deletions, or any other changes in the terms hereof shall be binding on either party unless reduced in writing and properly executed by a duly authorized officer of Weis Fire and Safety and a representative of the BUYER.

GOVERNING LAW-This Agreement shall be constructed and interpreted and its performance shall be governed by the laws of the state in which the manufacturer is domiciled.

CANCELLATION

In the event the proposal is accepted, and the contract has been signed and accepted by Weis Fire, is then cancelled or terminated by the BUYER before completion, Weis Fire may charge a cancellation fee. The following charge schedule based in costs incurred may be applied:

- 1.) 10% of the purchase price after order is accepted and entered by Weis Fire
- 2.) 20% of the purchase price after the Pre-build meeting
- 3.) 30% of the purchase price once materials are ordered

The cancellation fee will increase accordingly as costs are incurred as the order progresses through engineering and manufacturing.

CITY OF LOCKHART:

AGREED this _____ Day of _____ 2026

SIGNED BY _____

PRINT NAME _____

NAME, ADDRESS AND PHONE NUMBER OF FIRE DEPARTMENT:

(_____) _____

NAME AND PHONE NUMBER OF PERSON DISBURSING FUNDS:

_____ (_____) _____

WEIS FIRE AND SAFETY EQUIPMENT, LLC

ACCEPTED THIS _____ DAY OF _____ 2026

SIGNED: _____

BY: _____

TITLE: _____

*We are estimating the price of the chassis at **\$63,522.00**. We believe that this price should be very close to the real price, however we can guarantee that price. When we get the invoice at time of completion of the chassis, we will provide you with a copy of that invoice for verification. The difference will be deducted or added to the final invoice.



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WEIS FIRE QUICK ATTACK 400RM
LOCKHART FIRE RESCUE, TX
REVISED 12-30-25

CHASSIS

2026 Ford F-550
Super Cab
168" Wheelbase
60" Cab-to-axle
4 x 4
Race Red
40/20/40 front seats
Grey Vinyl
Preferred Equipment Package
XL trim
Air Conditioner
AM/FM stereo with Clock
7.3L V-8 gas engine
10 speed Automatic Trans
Power Equipment Group
Telescoping Mirrors
19,500# GVW
Cruise Control
40 gallon Aft Fuel Tank
Payload Upgrade Package
Heavy Duty Front Suspension
4.88 Limited Slip
Dual Batteries
410 amp Alternator
Trailer Brake Controller

CAB STEP BARS

There shall be custom step bars to provide ease of access to the cab. Step bars will be attached to the frame rails only. Steps that are attached to bottom of cab are NOT ACCEPTABLE.

SKID PLATES

Custom heavy duty steel Skid plates shall be provided for the transfer case, radiator, and transmission. The skid plates shall have a black powder coat finish.

IN CAB REAR SEAT BENCH CONVERSION

There shall be an in cab rear seat bench conversion to provide additional storage for SCBA Tanks, gear bags or equipment. It shall be constructed of diamond plate and smooth aluminum, black powder coated. It shall be removable for ease of access to the electrical junction box.

There shall be two (2) SCBA holders, location to be determined.

There shall be a mounting platform in the middle of the rear seat bench conversion with power for the following customer supplied; TIC charger, two-way radio chargers, and survivor flashlights.

TANK

The tank shall have a capacity of 400 gallons manufactured UPF.

The tank shall include the following features:

Fill tower with removable screen

Sump with anti-swirl plate and drain fitting

3.0" vent and overflow pipe

1.5" refill fitting

3.0" tank suction

External Liquid level sight tube

Integrated 15 Gallon Foam cell

The outside of the tank shall be black.

There shall be an FRC Tank Vision water level sight gauge located on the rear pump panel and one (1) mini FRC water level sight gauge inside the cab on the custom aluminum console.

There shall be an FRC foam level sight gauge located on the rear pump panel and one (1) mini FRC foam level sight gauge inside the cab on the custom aluminum console.

REAR MOUNT PUMP CONTROLS

All pump controls shall be provided at the rear of the apparatus. The rear mount pump panel will have all pumping functions.

The tank to pump line shall be operated at the rear of the apparatus.

The pump panel shall be constructed of .125" smooth aluminum with a black textured powder coat finish.

The pump panel shall be provided with an LED panel light.

Each discharge shall be properly function labeled.

PUMP

The pump shall be powered by an HPX200-H20 with a 20-HP Honda 4-cycle, V-Twin gasoline engine with the following features:

- 4" Victaulic Inlet
- 2.5" NPT outlet
- Electric start
- Pump panel
- 2.5" master gauge
- Oil Pressure Warning Light
- 12V Electric Primer

Pump Performance

- 40 GPM @ 150 PSI
- 150 GPM @ 115 PSI
- 250 GPM @ 30 PSI

The pump shall be located at the rear of the apparatus.

The fuel supply for the fire pump shall be directly plumbed into the chassis' fuel system.

An auxiliary fuel pump and one way fuel check valve shall be provided in the fuel supply plumbing between the chassis' fuel cell and fire pump.

PLUMBING

All plumbing shall be heavy duty **welded stainless steel plumbing**. When necessary, high pressure hose shall be used with stainless steel fittings. **The stainless steel plumbing shall have a 10 year warranty.**

A 4.0" square manifold shall be utilized. All discharges shall be plumbed from this manifold.

The entire discharge plumbing system shall be hydrostatically tested to 300psi for two minutes prior to installation. This is to ensure that the entire plumbing system will not leak and to ensure the safety of all fire department personnel.

The manifold shall have one (1) 2.5" fitting for the 2.5" plumbing from the pump.

The manifold shall have one (1) 2.5" fitting for the 2.5" rear discharge.

The manifold shall have one (1) 1.5" fitting for the plumbing supply to the front of the body whip lines.

The manifold shall have one (1) 1.5" fitting for the plumbing supply to the front bumper discharge. This discharge is to include a valve and 1.5" x 1" reducer.

The manifold shall have three (3) 1.0" fittings, one (1) for the booster reel and one (1) for each ground sweep actuator.

The discharge plumbing from the pump to the manifold will be plumbed with 2.5" pipe.

There will be a 2.5" discharge provided at the rear of the apparatus. The discharge shall include a 2.5" x 1.5" adapter, provided with a chrome cap and chain. Rear discharge to include a 45° droop.

All discharge valves shall be heavy duty, full flow, fire service quality quarter turn ball valves.

The tank to pump line shall be plumbed with 2.5" plumbing. A wire reinforced flexible connection shall be used to provide ease of service and to reduce vibration.

The tank to pump valve shall be a manually operated 2.5" heavy duty, full flow, fire service quality quarter turn ball valve.

There shall be a 2.5" gated suction with a 2.5" plug and chain. It shall include one (1) 2.5" Akron Valve. Suction to include a 45° droop.

NOTE: Only full flow quarter turn ball valve shall be used for suction and discharge lines.

The 1.0" tank fill and recirculating line shall utilize a 1.0" Class 1 ball valve.

REAR BOOSTER REEL

A Hannay heavy duty low profile electric rewind booster reel will be provided with 100' x 1.0" of yellow Mercedes Boostlite® hose. The booster reel shall be painted black and located above the pump on a custom built platform.

A TFT 1.0" QuadraFog 5-10-24-40-60 GPM adjustable gallonage nozzle with pistol grip.

The nozzle clip for the booster reel will be mounted on the back of the passenger side upper body compartment, within reach while standing on the ground.

The booster reel shall be plumbed with high pressure hose with stainless steel fittings.

The booster reel will be provided with one (1) rewind switch located in the fire body extrusion to the left of the rear warning light.

The booster reel shall be provided with a single chrome hose roller and spool assembly.

A 40 amp circuit breaker will be provided for the booster reel.

FOAM SYSTEM

A Scotty Class A around-the-pump foam system shall be installed. It shall be controlled from the rear mount panel.

The ATP system shall have the following performance ranges at 100 PSI (6.9Bar):

- 0% to 3.75% at flow rates from 15 to 125 GPM.

WHIPLINE

There shall be two (2) 1.0" whipline discharges provided, one (1) at each front corner of the fire body with a 1.0" forestry whipline hose. Each whipline shall include a TFT 1.0" QuadraFog 5-10-24-40-60 GPM adjustable gallonage nozzle with pistol grip and Pac 1002 nozzle clip.

Whip line length to allow driver and passenger to use while in seated positions in cab.

The 1.5" plumbing supply line to the front whiplines shall include a tee at the front of the fire body to supply to each whipline.

FRONT GROUND SWEEP NOZZLES

There shall be two (2) ground sweep nozzles provided on the apparatus, both ground sweeps are to be located centered on the face of the bumper wing, not the sides. The nozzles shall supply approximately 10 GPM at 100 PSI. Each ground sweep nozzle shall be independently controlled by electric valves from switches located inside the cab on the custom console.

There shall be protective guards installed over the ground sweep nozzles. They shall be steel with a heavy duty black powder coat finish.

FRONT BUMPER

There shall be a custom designed heavy duty full replacement front end bumper provided on the apparatus.

The bumper shall have an integral 2.0" receiver tube.

The bumper shall have an integral siren mount with protective expanded steel cover.

The bumper shall have two (2) integral speaker mounts, one (1) each side in the bumper wing with "FD" laser cut logos over the speakers for protection.

The bumper shall have a 1.5" gated suction located in a custom built hose tray for use with a whip line. The pre-connected hose tray shall hold up to 25' x 1.5" fire hose. The custom hose tray shall have a black mesh cover with turn style buckles.

The bumper shall have provisions for mounting two (2) air horns.

There shall be two (2) heavy duty tow eyes.

The bumper shall have a black textured Powder Coat finish.

QUICK MOUNT WINCH

There shall be a Rough Country PRO 12000 portable winch provided with 2" receiver tubes and electrical quick connects located at the front and rear of the apparatus.

QUICK ATTACK BODY

The fire body shall be constructed entirely of heavy duty **extruded aluminum and will have a TEN (10) year structural warranty.**

The perimeter of the body shall be constructed of a heavy duty 6061T5 aluminum extrusion. The deck plate shall be stitch welded on the bottom side of the extrusion.

The cross members shall be 2.0" x 4.0" 6061T6 extruded aluminum tube on 12" centers for rigidity and longevity. There shall be no less than eight (8) aluminum 2.0" x 4.0" extruded aluminum cross members.

The sills shall be 6.0" steel channel.

The body sills shall be mounted to the frame utilizing a 6-point mounting system.

There shall be .125" aluminum diamond plate covering the entire upper surface of the body.

The fire body shall be 108" long, 96" wide.

There shall be a headache rack at the front of the body that will also serve as a light bar mounting platform. The headache rack shall be constructed with 2.0" x 2.0" extruded aluminum tubing and will have diamond plate covering the bottom half on front and back side and expanded aluminum on the top half.

The light bar platform shall be constructed of 1/4" aluminum plate shall be properly gusseted. The light bar platform shall be 14" x 75".

A 108" deep x 30" wide x 5" high tool compartment at rear of the apparatus with a horizontally hinged, drop down door shall be provided. This compartment shall provide for underbody storage of department supplied shovels, brooms, rakes, etc.

There shall be a lightweight pullout tray in this compartment for ease of access to the department supplied tools. The tray shall have a heavy duty black protective coating to prevent tools from sliding. It shall have two (2) stainless steel barrel latches mounted to secure the tray in place during transport.

There shall be one (1) transverse storage compartment with lift up doors, located on top of the flatbed, behind the cab, and in front of the upper body side compartments. The compartment shall be 24" W x 30" H x 96" L with two (2) slide trays, one (1) to pull out each side on the bottom of the compartment.

There shall be a shelf in the transverse upper area for storage of a backboard. The shelf shall have nylon straps and quick release buckles to secure the backboard in place during transit.

There shall be one (1) sweep-out style compartment with two (2) lift up doors, located on the driver side of the fire body. Dimensions for the driver's side compartment shall be 83" W x 30" H x 24" D. The compartment shall include an aluminum divider. There shall be an adjustable shelf in L-3.

There shall be PAC board mounted on the back wall of L-2.

There shall be one (1) dunnage tray mounted on top of the Transverse and Driver side upper body compartments. The dunnage tray shall be 107" W x 10" H x 20" D. It shall be constructed of .125 aluminum diamond plate with a textured black powder coat finish. The dunnage shall be open with no cover.

There shall be one (1) sweep-out style compartment with two (2) lift up doors, located on the passenger side of the fire body. Dimensions for the passenger's side compartment shall be 83" W x 30" H x 24" D. The compartment shall include an aluminum divider, with an adjustable shelf in the R-2. Fire and water extinguishers are to be mounted in R-3.

There shall be one (1) dead lay hose box mounted on top of the Transverse and Passenger side upper body compartments. The dead lay hose box shall be 107" W x 10" H x 20" D constructed of .125 aluminum diamond plate, hinged lid with a textured black powder coat finish. The rear facing end will be open and include a mesh cover with quick release buckles.

The dead lay hose box shall have one (1) latch at the front (curb side) of the fire body for access.

The upper doors shall have D style slam latches. The doors shall be pan lined for strength and durability. The doors shall be .125 smooth aluminum. The exterior of the doors shall be painted to match the chassis.

The body of the compartments shall be constructed of .125" aluminum diamond plate.

There shall be two (2) underbody toolboxes located one (1) on the left and one (1) on the right side of the apparatus, 16"H x 20"D x 30"W with drop down doors and cable stops. The underbody doors shall be .125 aluminum diamond plate.

There shall be one (1) pull-out, drop down style step located under each underbody box for ease of access to the upper coffin boxes.

All compartments and shelves shall be lined with Turtle Tiles.

The transverse compartment shall have two (2) full length LED strip lights overhead. All compartments shall have two (2) LED compartment lights, one (1) located at each side of the door opening. All compartment lighting shall automatically come on when the compartment door is opened.

The upper body compartments and lower under body toolbox doors shall be wired to an open door warning light and alarm that shall be in the cab. The open door warning light shall be activated anytime a compartment door is open. The open door warning light AND alarm shall be activated anytime a compartment door is opened and the chassis' transmission is shifted out of park.

There shall be an underbody fender panel that runs from the under body compartments to the rear of the fire body on each side. The panels shall be constructed of polished .125 aluminum diamond tread plate. The wheel well openings will be cut out to conform to the wheels. The panel behind the rear wheels shall be angled to allow for clearance.

There shall be an 8' x 6.0" deep rear step integrated into the receiver hitch. It shall be covered in NFPA diamond plate and 45'd at the corners.

A receiver hitch and two (2) tow shackles shall be provided as an integral part of the bumper. The bumper shall be black powder coated.

There shall be a 7-pin trailer plug.

There shall be two (2) flexible rubber strap steps located on each side of the rear of the fire body.

All stop, turn, back up, corner, and DOT lights shall be provided. All lighting shall be LED.

A flush mounted fuel fill hole will be provided for one fuel tank. The fuel fill shall be located on the body next to the pump in a vertical manner to facilitate easy filling of the fuel tank. It shall NOT be located on the side of the body. A "GASOLINE" label shall be provided next to the fuel filler cap.

Mud flaps shall be installed behind the rear wheels. The mud flaps shall say "KEEP BACK 500 FEET".

SPARE SCBA BOTTLE STORAGE

There shall be two (2) wheel well style SCBA air bottle storage compartments located one (1) on the driver side of the rescue body in front of the rear wheel and one (1) on the passenger side of the rescue body in front of the rear wheel.

A rubber insert shall be provided for the bottle tubes.

BODY CORROSION PROTECTION

The entire aluminum equipment body and all body equipment, compartment bodies shall have a textured black powder coated finish. This includes the underside of the body and the interior of the compartments.

Compartment doors shall be painted to match the chassis.

APPARATUS CHARGING SYSTEM

There shall be a Kussmaul Auto Charge 1000 with Super Auto Eject plug and digital battery status indicator provided on the apparatus. The digital battery status indicator and Auto Eject plug shall be located at the front driver's side in the fire body extrusion.

AIR HORNS

One Air Horn system package will be installed. The system shall include two (2) air horns, waterproof slimline 3-Gallon air compressor and pressure switch. There shall be a rocker switch located on the custom aluminum console to activate the air horns.

COMMUNICATIONS

Weis Fire to install a department supplied two-person wireless Setcom Liberator Max wireless communication system.

ELECTRICAL

The entire wiring system shall be entirely composed of high grade commercial quality wiring harnesses that shall be color coded, and function coded throughout. An electrical sub panel shall be located behind the passenger seat. The apparatus' wiring harnesses shall be connected to the electrical sub panel utilizing Deutsch connectors.

A wiring diagram shall be provided with the apparatus.

A 90 amp resettable circuit breaker for the fire body shall be mounted under the bed at the right rear corner.

A 150 amp resettable circuit breaker for the electric primer shall be mounted under the bed at the right rear corner.

The electrical system shall have a five (5) year warranty.

EMERGENCY LIGHTING SYSTEM

An emergency lighting system consisting of the following shall be provided.

A Whelen Liberty Light Bar, 55", LED (red/blue) with 4-take down lights and alley lights shall be mounted on the headache rack located at the front of the fire body.

Six (6) Whelen M-4 series (red / blue split) flashing lights shall be provided with black bezels. The LED lights shall be located:

- One (1) on each front fender
- One (1) each side of the fire body
- Two (2) two (2) at the rear.

Six (6) Whelen M6 warning lights located:

- Two (2) Red/Blue split on the grille of the front bumper
- One (1) Red each upper rear facing side of the upper body compartments, outboard position
- One (1) Blue drivers side, inboard position
- One (1) Green passenger side, inboard position

The emergency lights shall be independently switched with a master switch ability.

A Whelen 295SLSA6 full function 100 watt siren shall be provided.

Two (2) Whelen SA315P 100 watt speaker shall be mounted at the front bumper. One (1) mounted below each M6 warning light

A Whelen WBUA107 back up alarm shall be provided.

There shall be a Whelen TAM83 Traffic Advisor, Amber, mounted under bar at the rear.

A custom aluminum console with a textured black powder coat finish shall be provided to house the siren/switch controls, GoLight controller, mini water level indicator, mini foam level indicator, dual cup holders and one (1) customer supplied radio.

All emergency lights shall be controlled from the siren / switch module.

AUXILIARY LIGHTING

There shall be one (1) 20" Hi-Viz LED mini brow light on the front replacement bumper mounted under the top rail.

There shall be one (1) 20" Hi-Viz LED mini brow light under the booster reel platform. Mounted flush with the edge of the platform. It shall have an On/Off switch on the rear mount pump panel.

There shall be two (2) 31" Hi-Viz LED mini brow combo lights, Scene/Flood/Spotlights, one (1) each side above the side compartments, recessed flush into the side of the dunnage tray / coffin box.

There shall be Whelen Tracer Trio 5-Light head LED Running Board lights, one (1) each side of the chassis that shall alternate red/white/blue and shall include a flood mode.

The front bumper and upper body scene lights shall be independently controlled from switches located on the custom aluminum console inside the cab.

There will be two (2) LED work lights provided to illuminate the pump area, mounted at the rear of the fire body for nighttime operation and will be switched at the switch module in the cab.

UNDERBODY AND WORK LIGHTS

There shall be eight (8) underbody ground lights provided, located one (1) LED light under each corner of the fire body and one (1) LED light under each cab door.

These lights shall be automatically activated when the chassis' transmission is shifted into park and shall automatically de-activate when the chassis' transmission is shifted out of park.

There will be two (2) GoLight GT LED (black) provided, mounted one (1) on each side of the headache rack. There shall be one (1) controller to operate both GoLights mounted in the cab.

LETTERING AND STRIPING

Up to 60 3.0" Reflective Sign Gold letters will be provided on the apparatus.

The apparatus shall be provided with a 1" x 3" x 1" **Black** Scotchlite reflective stripe on the chassis and body as per NFPA requirements. The black reflective stripe shall run horizontal at the base of the chassis, transition to a "Z" and run straight above the compartment door handles

There shall also be a 3.0" Red Scotchlite stripe installed within the perimeter fire body extrusion.

Squad number to be mounted on L-2 and R-2 compartment door. Number to be determined.

There shall be red / yellow Chevron striping provided at the rear of the upper compartments and tail board of the fire body.

ADDITIONAL EQUIPMENT

- 20# ABC Fire Extinguisher with mount bracket, mounted in R-3.
- 2.5# Gallon Water Extinguisher with mount bracket, mounted in R-3.

Truck Guidelines

Rural Volunteer Fire Department Assistance Program

All fire departments receiving cost-share funding for the purchase of a vehicle must comply with the following special requirements:

1. All department personnel must be trained in the proper operation and maintenance of trucks, pumps, systems, and related equipment. Personnel training must be documented.
2. All vehicles acquired under this program must be maintained in firefighting service for a period of 10 years from the reimbursement check date. If a cost-shared vehicle is sold before the end of its 10-year service life under this program, the grant recipient may be required to reimburse the program for 90% of the proceeds from the sale of the vehicle. The grant recipient must notify TFS in advance and must obtain clearance to sell or transfer a grant vehicle before the end of its 10-year service life. The Funding Committee may waive on a case-by-case basis the requirement that 90% of the sale proceeds be returned to the program. Recipients receiving transferred vehicles prior to the end of their 10 year service life shall be subject to the terms and conditions as described in this section.
3. All vehicles must meet the minimum standards as described in the attachment "Minimum Standards and Specifications for Firefighting Vehicles."
4. An Affidavit of Non-Collusion (page 2) must be completed, signed, and notarized by the seller of the vehicle. The Fire Department must submit the completed affidavit to the Texas A&M Forest Service before a grant reimbursement may be paid.
5. The purchase of pre-owned vehicles and equipment requires advance evaluation and approval by the Texas A&M Forest Service. An applicant must contact the Capacity Building Department before purchasing a used vehicle or used equipment. Failure to receive this special advance clearance may void your grant approval.
6. Vehicles purchased, paid in full, prior to the award date are ineligible for reimbursement under this program.

Responsibilities of the Fire Department Following Notice of Grant Approval:

1. Accept the award via [FireConnect](#).
2. Purchase the approved item(s). *Remember to obtain special approval for a pre-owned vehicle.*
3. Submit for Reimbursement via [FireConnect](#), and upload the following supporting documents:
 - Affidavit of Non-Collusion
 - Proof of Payment
 - Copies of Signed Check(s)
 - Credit Card Receipt(s)
 - Paid Vendor Invoice(s) showing the last 4 digits of credit card used
 - Bank/Credit Card Statement(s) Showing the Purchase
4. A member of our Field Staff must perform an inspection of the vehicle at the fire station before a grant reimbursement can be issued.
5. Grants for firefighting vehicles will expire **12 months** from the approval date. Extensions may be available upon request via [FireConnect](#).

STATE OF

COUNTY OF

GENERAL AFFIDAVIT BEFORE NOTARY

AFFIDAVIT OF NON-COLLUSION

SELLER

PURCHASER

Name:

Name:

Address:

Address:

Phone:

Phone:

VEHICLE INFORMATION

Year:

Make:

Model:

VIN:

Date of Sale:

Total Sale Price: \$

I, _____, the undersigned, being the duly authorized agent of the Seller, _____, swear that the foregoing information is true and correct to the best of my knowledge, information, and belief, and that this document correctly states the total amount of consideration for the transfer of this vehicle. I further affirm that neither I nor the above business has been a party to any collusion with the Purchaser as to the Total Sale Price of the vehicle. I further affirm that the Total Sale Price is genuine, and is not a sham or collusive price made in the interest or on behalf of any person, and that the Seller has not directly or indirectly been induced or solicited to submit a sham Total Sale Price.

By:

Date:

(Signature)

Title

STATE OF

COUNTY OF

Subscribed and sworn to before me this _____ day of _____, 20____.

Signature of Notary Public

My Commission Expires

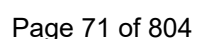
All vehicles funded under this program must be fire suppression vehicles and must meet the following minimum standards. These standards are developed to establish broad equipment categories for funding and review. They are not intended as “bid ready” equipment specifications. Departments are strongly encouraged to add capabilities and features required to meet local needs.

The fully loaded and equipped operating weight of the vehicle must not exceed the Gross Vehicle Weight Rating (GVWR) of the vehicle as determined by the manufacturer, nor the Gross Axle Weight Rating (GAWR) of the vehicle as determined by the manufacturer. The vehicle weight must be balanced so that the vehicle is easy to control. The vehicle center-of-gravity must be low enough to safely operate in curves and on side slopes. The vehicle must have effective brakes that can stop the vehicle without brake fade.

- All vehicles must have a water tank with a minimum capacity of 200 gallons.
- All water tanks must be baffled.
- All water tanks constructed of mild steel must be protected from corrosion.

*In place of a gravity dump valve, a dedicated, hard-piped 3" or larger discharge may be used, supplied by a pump rated at a minimum of 750 GPM @ 40 psi.

- All slippery surfaces where personnel will step must have skid plates or abrasive surfaces to prevent personnel from slipping under wet conditions.
- Vehicle must have back-up alarm.
- Vehicle must have illuminated pump controls.
- Vehicle must have vehicle lighting and markings as required by law.
- Pumper conversions are allowed, provided they still meet the design minimums.



Notice to Purchasers of New Fire Trucks

These guidelines apply for those purchasing a truck in Texas.

The sale and lease of new motor vehicles in Texas is regulated by the Texas Occupations Code, Title 14, Regulation of Motor Vehicles and Transportation, Chapter 2301, Sale or Lease of Motor Vehicles. The law is administered and enforced by the Texas Department of Transportation (TXDOT).

The law requires that vehicle manufacturers, converters, representatives, and franchised dealers be properly licensed and that they comply with certain standards of conduct.

According to TXDOT interpretations, a franchised dealer, and only a franchised dealer, is legally allowed to sell a new fire truck in Texas. This applies whether the truck offered for sale is a manufactured vehicle or a converted vehicle.

Manufactured Vehicles

A fire truck that meets or exceeds the legal definition of a “fire-fighting vehicle” is considered a manufactured product and the entity that builds it is considered a “manufacturer”.

Manufacturers cannot sell motor vehicles directly to consumers in Texas, including municipalities, and must have at least one franchised dealer located in the state in order to maintain their license.

Converted Vehicles

A fire truck that does not meet the legal definition of a “fire-fighting vehicle” is considered a converted product (conversion). It is a new motor vehicle chassis that has something substantial done to it prior to being sold to an end-user. The entity that builds it is considered a “converter”.

Neither converters nor their representatives are allowed to sell converted vehicles directly to consumers. A new fire truck that is considered a conversion may only be sold to an end-user, including a municipality, by a Texas dealer franchised and licensed to sell the make of the chassis of the converted product.

A licensed, franchised dealer must be listed as the seller or bidder of a new vehicle. This dealer must invoice the end-user for the entire purchase price of the vehicle including the conversion package, must obtain payment for the entire purchase price, and must perform the title work on the completed vehicle.

What Should A Fire Department Do?

1. Comply with the law:
 - Determine that the manufacturer or converter of a fire truck is properly licensed to do business in Texas.
 - Determine that the fire truck is to be sold to the end-user by a licensed franchised dealer.
2. Contact Texas Department of Motor Vehicles for information:
Telephone: 1-888-368-4689
Website: <https://www.txdmv.gov/dealers>

Texas A&M Forest Service is providing this notice for educational purposes only, in an effort to promote compliance with the law. The final authority for communication, interpretation, and enforcement resides with the Texas Department of Motor Vehicles. Buyers and sellers of new fire trucks are encouraged to contact TXDOT directly for clarification and guidance.

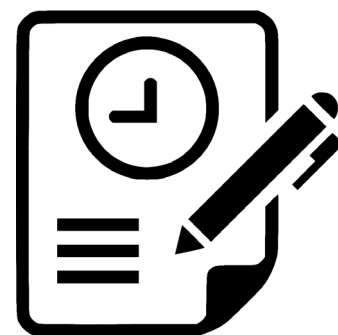


BEST PRACTICES FOR WORKING WITH FIRE TRUCK CONVERTERS



Research and get feedback from other fire departments that have done business with the vendor(s) you are considering

Have a detailed, written contract with a completion date



Be cautious of paying up front for incomplete work

Make sure the work you're requesting is within the vendor's area of expertise



City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding the purchase of a new service vehicle for Public Works using allocated American Rescue Plan Act funds.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Approval of Bid

BACKGROUND/SUMMARY/DISCUSSION:

On April 5th, 2022, Council approved Resolution 2022-20 authorizing the approval of the City of Lockhart's spending plan for the American Rescue Plan Act of 2021 Relief Funds associated with the implementation of the American Rescue Plan Act (ARPA) — Coronavirus Local and State Fiscal Recovery Funds (SLFRF) allocation. The City received \$3,508,879 of ARPA funds. Under the SLFRF program, recipients were obligated to allocate all award funds by December 31, 2024, and expend all funds by December 31, 2026. On December 2, 2024, Council approved Resolution 2024-36 allocating remaining ARPA funds that included projects that can be completed within the timeframe and purchases of fleet/equipment that are in need of upgrading/replacing.

With the allocated funds Public Works will be purchasing a new 3/4 ton service truck with utility bed and ladder rack. The equipment will replace a year 2001 model truck. The truck is being purchased through TIPS, a purchasing cooperative, and priced at \$64,065.00. The purchase price of the service truck is \$1,834 more than the ARPA allocated funds of \$62,231. Remaining funds will be paid from the General Fund Budget in FY 25-26. Deadline for the truck delivery is December 31, 2026.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): ARPA Funds= \$62,231.00

Genral Fund= \$1,834.00

PREVIOUS COUNCIL ACTION: December 2, 2024- Resolution 2024-36 Allocating ARPA funds

COMMITTEE/BOARD/COMMISSION ACTION:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends purchase of the new service truck from Silsbee Ford.

LIST OF SUPPORTING DOCUMENTS: Ford F250 REG CAB XL 2WD 2026 Quote, Resolution 2024-36, ARPA - MOU - Public Works - Fully Executed



PRODUCT PRICING SUMMARY

TIPS 240901 Transportation Vehicles

VENDOR- Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF LOCKHART

Prepared by: SETH GAMBLIN

Contact: _____

Phone: 512.436.1313

Email: _____

Email: SGAMBLIN.SILSBEEFLEET@GMAIL.COM

Product Description: FORD F250 REG CAB

Date: January 20, 2026

A. Bid Item: _____

A. Base Price: \$ 45,175.00

B. Factory Options

Code	Description	Bid Price	Code	Description	Bid Price
F2A	2026 F250 2WD SD REG CAB	\$ -	610A	ORDER CODE	
99A	Engine: 6.8L 2V DEVCT NA PFI V8 Gas	\$ 1,995.00		142WB 8FT BOX 56CA	
44F	10 SPEED TRANS	\$ -			
TBM	Tires: LT245/75Rx17E BSW A/T	\$ 165.00			
18B	RUNNING BOARDS	\$ 445.00			
52B	TRAILER BRAKE CONTROLLER	\$ 300.00			
X3H	Electronic-Locking w/3.31 Axle Ratio	\$ 430.00		TOW PACKAGE	INC
66S	UPFITTER SWITCHES	\$ 165.00			

Total of B. Published Options: \$ 3,500.00

Published Option Discount (5%): \$ (175.00)

C. Unpublished Options

\$= 30.0 %

Description	Bid Price	Options	Bid Price
		EXTERIOR COLOR-WHITE	\$ -
TRUX 3048 SERVICE BODY	\$ 14,615.00	INTERIOR- AS Dark Slate w/HD Vinyl 40/20/40 Split B	
		600A-ORDER CODE XL	
		ORDER BANK OPEN	

Total of C. Unpublished Options: \$ 14,615.00

D. Floor Plan Interest (for in-stock and/or equipped vehicles):

\$ 450.00

E. Lot Insurance (for in-stock and/or equipped vehicles):

\$ -

F. Contract Price Adjustment: _____

G. Additional Delivery Charge: 250

\$ 500.00

H. Subtotal:

\$ 64,065.00

I. Quantity Ordered 1 **x H =**

\$ 64,065.00

J. Trade in: _____

\$ -

K.

L. Total Purchase Price

\$ 64,065.00

RESOLUTION NO. 2024-36

A RESOLUTION OF THE CITY OF LOCKHART, TEXAS AUTHORIZING THE CITY MANAGER TO ENTER INTO AGREEMENTS WITH THE CITY OF LOCKHART ANIMAL SERVICES, LIBRARY, FIRE, PARKS & RECREATION, POLICE, AND PUBLIC WORKS DEPARTMENTS, TO UTILIZE THE REMAINDER OF THE CITY OF LOCKHART'S AMERICAN RESCUE PLAN FUNDS; PROVIDING FOR FINDINGS OF FACT; PROVIDING FOR SAVINGS, SEVERABILITY, AND REPEALER CLAUSES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on March 11, 2021, President Joe Biden signed into law the American Rescue Plan Act (hereinafter "ARPA") to address the impact of COVID-19 and initiate a funding program related to the economy, public health, state and local governments, individuals, and businesses; and

WHEREAS, on May 10, 2021, the U.S. Treasury issued the Interim Final Rule and on January 6, 2022, and issued the Final Rule to implement ARPA, as set forth in Title 31, Part 35 of the Code of Federal Regulations ("CFR"); and

WHEREAS, under ARPA Section 603 (c)(1)(A) and (C) and the Final Rule 31 CFR 35.6(b)(3)(ii)(A)(11), recipients may use Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") to provide assistance to individuals and disproportionately impacted populations via capital improvements, investments in the community to promote improved health outcomes and public safety, services to address educational disparities, and procurement of equipment related to the provision of these services; and

WHEREAS, the City of Lockhart ("City") has been awarded funds by the U.S. Department of the Treasury ("Treasury") which were distributed to the City from ARPA for covered costs and eligible expenses to be incurred during the period which began on March 3, 2021 (the date ARPA became law) until December 31, 2024 (to be expended by December 31, 2026); and

WHEREAS, the City seeks to allocate ARPA funding to the City of Lockhart Animal Services, Library, Fire, Parks & Recreation, Police, and Public Works Departments ("Other Parties") for the purpose of supporting government services as detailed in **Exhibit A** ("Projects"); and

WHEREAS, the City and Other Parties desire to enter into individual Agreements ("Agreement") setting forth their respective responsibilities under the Projects; and

WHEREAS, the Other Parties accept the obligation to provide the respective Scope of Work described in Exhibit A and included in Agreements to be executed with the City, a template of which is attached as Exhibit B - "Memorandum of Understanding", and to comply with ARPA monitoring, documentation, and reporting requirements,

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

Section 1. The findings set forth in the recitals of this Resolution are found to be true and correct.

Section 2. The City Council authorizes the City Manager to execute Agreements with the Other Parties for the services detailed in Exhibit A.

Section 3. Repealer. To the extent reasonably possible, resolutions are to be read together in harmony. However, all provisions of resolutions in conflict with the provisions of this Resolution are hereby repealed to the extent of the conflict, and the provisions of the resolution shall be and remain controlling as to the matters regulated.

Section 4. Severability. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Resolution are severable, and if any phrase, clause, sentence, or section of this Resolution shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence, paragraph or section of this Resolution.

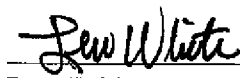
Section 5. Savings Clause. That nothing in this ordinance shall be constructed to affect any suit or proceeding pending in any court, or any rights acquired, or liability incurred, or any cause or causes of action acquired or existing, under any act or prior ordinance; nor shall any legal right or remedy of any character be lost, impaired, or affected by this ordinance.

Section 6. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public as required by law and that a public notice of the time, place, and purpose of said meeting was given as required by law.

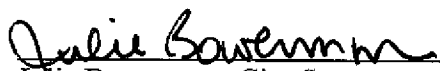
Section 7. Effective Date. This Resolution shall take effect upon the date of final passage noted below, or when all applicable publication requirements, if any, are satisfied in accordance with the City's Charter, its Code of Ordinances, and the laws of the State of Texas.

DULY RESOLVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS ON DECEMBER 3, 2024.

CITY OF LOCKHART, TEXAS


Lew White, Mayor

ATTEST:


Julie Bowermon, City Secretary

APPROVED AS TO FORM:


Bradford E. Bullock, City Attorney

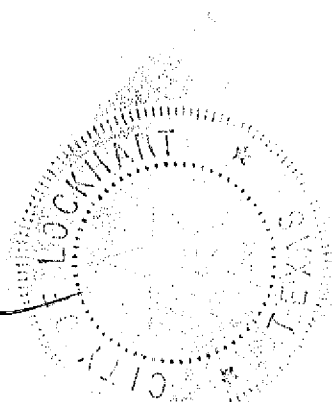


EXHIBIT A

OBLIGATION OF REMAINING ARPA FUNDS

Remaining ARPA Balance: \$1,467,231

Animal Services Department

ARPA Funding Amount: \$650,000

Scope of Work:

- The Animal Shelter shall undertake rehabilitation and improvement projects including:
 - o Existing facility renovations and repairs.
 - o Construction and installation of new animal care facilities.
 - o Infrastructure upgrades.
 - o Safety and sanitation improvements.
 - o Equipment modernization.
 - o All improvements must comply with local building codes and accessibility requirements.

Project Deliverables:

- Detailed project plans and specifications.
- Monthly progress reports.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Animal Services department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Library Department

ARPA Funding Amount: \$200,000

Scope of Work:

- The Library shall undertake rehabilitation and improvement projects at the Dr. Eugene Clark Library and the Clark Library Annex including:
 - o Interior painting of public spaces and staff areas.
 - o Exterior painting of Library facilities.
 - o Surface preparation and repairs as needed.
 - o Interior rehabilitation and improvements to floors, walls, restrooms, public spaces, elevator, and mechanical systems.
 - o Exterior rehabilitation and improvements to lighting, building accessibility, and security.
 - o All improvements must comply with local building codes and accessibility requirements.

Project Deliverables:

- Detailed project plans and specifications.
- Monthly progress reports.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Library department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Fire Department

ARPA Funding Amount: \$275,000

Scope of Work:

- The Fire Department will procure a brush truck and associated equipment, or similar specialized fire apparatus designed for fighting wildfires and grassfires, particularly in rugged, off-road terrain. These trucks are smaller and more agile than standard fire engines, allowing them to operate in areas that are difficult to reach with larger vehicles.

Project Deliverables:

- Brush Truck and associated equipment.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Fire department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Parks & Recreation Department
--

ARPA Funding Amount: \$50,000

Scope of Work:

- The Parks & Recreation Department will procure a new service vehicle and associated equipment (trailer, utility bed, etc.)

-

Project Deliverables:

- Service vehicle and associated equipment.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Parks & Recreation department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Police Department

ARPA Funding Amount: \$230,000

Scope of Work:

- The Police Department will procure four (4) patrol vehicles and associated equipment (lights, sirens, radios, etc.)

Project Deliverables:

- Patrol vehicles and associated equipment.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Police department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Public Works Department

ARPA Funding Amount: \$62,231

Scope of Work:

- The Public Works Department will procure a new service vehicle and associated equipment (trailer, utility bed, etc.) and a backhoe.

-

Project Deliverables:

- Service vehicle and associated equipment and backhoe.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Public Works department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

EXHIBIT B

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made and entered into this ____ day of December, 2024, by and between the **City of Lockhart**, (hereinafter referred to as “City”), and the **City of Lockhart [Insert Dept Name] Department**, hereinafter referred to as the “Other Party”. The City and Other Party are sometimes referred to as a “Party” and collectively “Parties.”

The following recitals are incorporated in and made a part of this MOU:

WHEREAS, on January 6, 2022, the U.S. Department of the Treasury (“Treasury”) issued the Final Rule to implement Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) Program following adoption of the American Rescue Plan Act (“ARPA”) in 2021; and

WHEREAS, on August 10, 2023, the Treasury released an Interim Final Rule implementing new eligible uses; and

WHEREAS, the Obligation Interim Final Rule (“Obligation IFR”) followed in November 2023, that clarified the definition of “obligation” for the SLFRF program and provided related guidance to give additional flexibility and clarity to recipients to support their use of SLFRF funds; and

WHEREAS, on March, 29, 2024, the Treasury issued FAQ 17.6 to further clarify the definition of Obligation and that it considers an interagency agreement, including an agreement in the form of an MOU, to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies certain conditions; and

WHEREAS, the City was awarded SLFRF funds by the Treasury which were distributed to the City from ARPA for covered costs and eligible expenses to be incurred/obligated between March 3, 2021 and December 31, 2024. These funds must be expended by December 31, 2026, with the exception of costs incurred for expanded surface transportation and Title I projects which must also be obligated by December 31, 2024 and expended by December 31, 2026, as outlined in the Interim Final Rule (August 2023); and

WHEREAS, the City desires to disburse funds to the Other Party to perform certain services in connection therewith as set forth in this MOU and in the Purpose/Scope of Work described herein; and

WHEREAS, the Other Party has represented to the City that it is duly qualified, eligible, and willing to provide the certain services identified herein and in the Purpose/Scope of Work section; and

WHEREAS, recipients may obligate funds pursuant to an interagency agreement, including an agreement in the form of an MOU, if the agreement satisfies certain conditions identified in FAQ 17.6 attached as Exhibit A; and

WHEREAS, through this MOU entered into pursuant to the Obligation IFR, the City wishes to formally and legally obligate the funds,

NOW, THEREFORE, in consideration of the foregoing recitals and terms and conditions set forth herein, and funding allocated in an amount not to exceed **[Insert Dollar Amount (\$XXX,XXX.00)]** as herein below set forth, the Parties agree as follows:

I. PURPOSE/SCOPE OF WORK

The purpose of this MOU is to set forth the understanding between the City and Other Party regarding the Purpose and/or Scope of Work to be completed with the SLFRF funds as described here:

American Rescue Plan Act funds will be used to **[Insert Project Scope from Resolution 2024-36]** and is further described in Exhibit B. The project will be funded by both ARPA and the City's general fund. This project and/or procurement will benefit the entire community, as it is the most cost-effective way to provide general government services.

II. AUTHORIZED REPRESENTATIVES

The following will act as the designated Representatives authorized to administer activities to include, but not limited to, notices, consents, approvals, requests, or other general communications provided for or permitted under this MOU. The designated Party Representatives are:

AUTHORIZED REPRESENTATIVES	
City of Lockhart	Other Party
Name: Steve Lewis	Name: _____
Title: City Manager	Title: _____ Director
City of Lockhart	Other Entity Name: City of Lockhart Dept. _____
Address: 308 W San Antonio St.	Address: _____
City/State, Zip Code: Lockhart, TX 78644	City/State, Zip Code: Lockhart, TX 78644
Phone: 512-398-3461	Phone: () ____ - _____
Email: slewis@lockhart-tx.org	Email: _____

Either Party may change its designated Representative by providing written notice to the other Party at least ten (10) calendar days prior to the change. Should the person serving either as the Entity's Authorized Representative change during the duration of this MOU, the person replacing

the Authorized Representative, as the case may be, shall immediately and automatically assume the duties of Designated Representative under this MOU.

III. CITY'S RESPONSIBILITIES

A. The City shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.

B. The City shall be the repository of all receipts and documentation pertinent to the ARPA/SLFRF funds and furnish such to the Treasury upon its request.

C. The City shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, including but not limited to taking all necessary Council action to approve contracts for the acquisition of goods or services for the construction of real property improvements in furtherance of the Project.

D. The City shall serve as the primary contact in all matters pertaining to the ARPA/SLFRF funds and the conduit for communication between itself, Treasury, and the Other Party.

E. The City shall exercise the necessary oversight to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.

IV. OTHER PARTY'S RESPONSIBILITIES

A. The Other Party shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.

B. The Other Party shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, and abide by all guidance documents applicable to this MOU, including, without limitation:

- a. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards;
- b. The Federal Register;
- c. The U.S. Department of the Treasury publications and other guidance documents, including the ARPA Required Provisions outlined in Exhibit C; and
- d. Exhibits included in this Memorandum of Understanding.

C. The Other Party shall take all actions necessary to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.

D. The Other Party shall see that all reporting and recordkeeping requirements that facilitate the City's compliance with SLFRF program requirements are met.

E. The Other Party shall complete all items and deliverables described in the Purpose/Scope of Work and make all payments related to such by or before December 31, 2026.

V. TERMS OF AGREEMENT

A. Purpose of Agreement. The Parties intend this Agreement to act as an obligation of funds for purposes of SLFRF. The Parties agree to promptly amend this Agreement if necessary to meet any additional Treasury requirements or clarify any matter that prevents this Agreement from being treated as an obligation of funds.

B. Term. This MOU shall be effective as of the date signed by the last Party. The obligations of the Parties will end on December 31, 2026. The expenditures outlined in the Purpose/Scope of Work are effective on **December** _____, 2024 through December 31, 2026. Unless extended or waived by Treasury, it is understood at the time of this MOU, that no ARPA/SLFRF expenditures are allowed beyond December 31, 2026.

C. Amendment. The City and Other Party may amend this agreement (i) before December 31, 2024, for the purposes described in Section V, Paragraph A above, or (ii) at any time provided that such amendment(s) make specific reference to this MOU and are executed in writing and signed by a duly authorized representative of both Parties. Such amendment(s) shall not invalidate this MOU, nor relieve or release either Party from its obligations under this MOU. Amendment(s) must comply with guidance published in Treasury's Obligation Interim Final Rule or FAQ 17.16, and any additional future guidance from Treasury.

D. Termination. This MOU may be terminated if deemed necessary by either Party upon thirty (30) days' written notice to the other Party. All ARPA/SLFRF funds must be fully obligated by December 31, 2024, and will be subject to recapture or return to Treasury if termination occurs after December 31, 2024.

IN WITNESS, WHEREOF, the City and the Other Party have executed this MOU as of the date first above written.

CITY OF LOCKHART, TEXAS

ATTEST:

Date: _____
Steve Lewis, City Manager

Date: _____
Julie Bowermon, City Secretary

OTHER PARTY

ATTEST:

Date: _____
[Department Head Name], [Title]

Date: _____
[Printed Name], [Title]

EXHIBIT A

SLFRF Final Rule FAQ – As of March 29, 2024

17.6. Does an interagency agreement between departments and agencies within a recipient's government constitute an obligation?

Treasury considers an interagency agreement, including an agreement in the form of a memorandum of understanding (MOU), to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies one of the following conditions:

- it imposes conditions on the use of funds by the agency, department, or part of government receiving funds to carry out the program;
- it governs the provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds; or
- it governs the procurement of goods or services by one agency, department, or part of government from another

and the agreement also satisfies each of the following conditions:

- it sets forth specific requirements, such as a scope of work and project deliverables;
- it is signed by the parties to the agreement, or otherwise evidences that each party has assented to the agreement; and
- it does not disclaim any binding effect or state that it does not create rights or obligations.

Examples of interagency agreements Treasury would consider obligations include the following:

- If the Office of the Governor of a state has authority over the disposition of federal financial assistance available to the state, an MOU between the Office of the Governor and the state department of education pursuant to which the Governor agrees to fund the department to carry out a summer program to address learning loss related to the pandemic through 2026, including the coverage of payroll for time spent on the program.
- If a city council has appropriated a certain amount of funds for a public safety initiative to be administered by the city's executive branch through fiscal year 2025, an agreement between the city's Chief Executive and the city's public safety department under which the department agrees to comply with reporting and recordkeeping requirements that facilitate the city's compliance with SLFRF program requirements.
- If a county's legislative body has made SLFRF revenue loss funds available to their housing agency for coverage of its operating costs through fiscal year 2026, an agreement with the county's department of technology under which the housing agency procures IT services from the county's department of technology.

- If a Tribal council has made SLFRF funds available to the social services department to cover the operational costs of an elder care program through December 31, 2026, an agreement with the department under which the social services department agrees to perform and complete in a satisfactory and proper manner the scope of work specified in accordance with the SLFRF award terms and conditions.

17.7. May a recipient use SLFRF funds to cover personnel costs between January 1, 2025, and December 31, 2026?

Treasury will consider a recipient to have incurred an obligation with respect to personnel costs for an employee through December 31, 2026, to the extent the employee is serving in a position that was established and filled prior to December 31, 2024.

Accordingly, funds may be used to cover such personnel costs if doing so would fall within the scope of an eligible use of SLFRF, such as payroll costs for state employees overseeing contracts for broadband projects or county employees overseeing affordable housing projects.

Personnel costs for this purpose include all salary and wages, covered benefits, 11 and payroll taxes for such positions, as in effect at the time of payment.

In the event of turnover of personnel, recipients may continue to pay different personnel in the same job position to the extent that the position in question was established and filled prior to December 31, 2024. Recipients may also reorganize positions within the scope of an eligible use of SLFRF after December 31, 2024, but may not use funds to cover any new positions after that date. For example, if an eligible project has filled ten job training specialist positions by December 31, 2024, the recipient may use funds to cover payroll for one of those training specialists who is promoted to supervise the other specialists after December 31, 2024, so long as there are no more than ten positions covered through SLFRF funds in total.

Recipients may estimate the amount that may be necessary to cover personnel costs through the expenditure period, report that estimate to Treasury, and retain those funds to pay personnel costs covered by the estimate, as discussed further in FAQ 17.8.

17.16. Under what circumstances may a recipient use SLFRF to cover cost increases attributable to a contract that is entered into by December 31, 2024?

In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after the obligation deadline of December 31, 2024. However, if a contract entered into by December 31, 2024, expressly provides for change orders or contract contingencies, the recipient may use SLFRF funds to cover increased costs attributable to such change orders or contract contingencies. Such increased costs are not considered new obligations but are instead attributable to a preexisting obligation to accommodate the change or contingency.

Additionally, recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024. This flexibility is consistent with recipients' ability to terminate

a contract for convenience and to use SLFRF funds for costs associated with change orders and contingencies that are contemplated by their contracts and subawards.

Based on comments received from recipients, and for the reasons discussed above, Treasury is providing this guidance as an update to the prior statement in the Obligation IFR that recipients could not use SLFRF funds after the obligation deadline to cover a cost increase associated with a contract amendment.

Recipients may estimate the amount that may be necessary to cover changes or contingencies through the expenditure period, include that amount in the amount of the final obligation for the project that is reported to Treasury as of December 31, 2024, and retain those funds to pay costs covered by the estimate. Recipients providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose. The SLFRF Compliance and Reporting Guidance will be updated to provide additional information on reporting requirements associated with this option.

Recipients may also cover contract cost increases after December 31, 2024, in the scenarios outlined above using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in FAQ 17.19), or (2) program income (as discussed in FAQ 17.21).

Obligating SLFRF Funds Through an Interagency Agreement

State, local, territorial and Tribal governments across the country are using State and Local Fiscal Recovery Funds (SLFRF) to mitigate the fiscal impacts of the pandemic and serve the needs of their communities.

Treasury has clarified that a recipient may enter into an **interagency agreement**, including a memorandum of understanding, between departments and agencies within a recipient's government and treat those funds as obligated for purposes of SLFRF if the interagency agreement meets certain conditions, as discussed below and pursuant to FAQ 17.6.

SLFRF recipients must **obligate all funds by the end of 2024**, and must **expend all funds by the end of 2026**.¹ Treasury published the additional guidance in Section 17 of the SLFRF FAQs to clarify how recipients can complete obligated projects in 2025 and 2026, using contracts or subawards or interagency agreements.

Recipients may wish to use funds for a variety of projects undertaken themselves:

- To carry out educational programs, such as payroll for teachers for a summer program to address learning loss related to the pandemic;
- To administer a workforce training program;
- To finance capital projects through a housing agency;
- To provide public safety services.

The interagency agreement must be in effect by December 31, 2024, and must meet these conditions:

ONE requirement from Column A:

- Imposes conditions on the use of funds by recipient agency, department, or part of government receiving funds to carry out the program
- Governs provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds
- Governs the procurement of goods or services by one agency, department, or part of government from another



ALL requirements from Column B:

- Sets forth specific requirements (e.g., scope of work and project deliverables)
- Is signed by the parties or otherwise evidences assent of parties
- Does not disclaim binding effect or state that it does not create rights or obligations

The interagency agreement must be reported to Treasury as described in the [Compliance and Reporting Guidance](#). A recipient can modify an existing interagency agreement before December 31, 2024 to ensure it meets the requirements described above and in FAQ 17.6. The agreement may also be between units of a Tribal government, as described in FAQ 17.23.

You can learn more about obligating SLFRF Funds through an interagency agreement by visiting our webpage, Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf> and see FAQs 17.6 and 17.23, or scan this QR code:

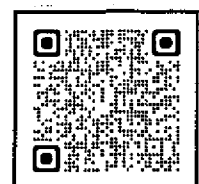


EXHIBIT B
Project Scope

EXHIBIT C

ARPA Required Provisions

CFR 200.327 Contract provisions. The Non-Federal entity's contracts should contain applicable provisions described in Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards. The Non-Federal entity's contracts must contain the provisions described in Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, as applicable.

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	2 CFR 200 Appendix II (A-L)		
>\$250,000 (Simplified Acquisition Threshold)	Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by <u>41 U.S.C. 1908</u> , must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.	2 CFR 200 APPENDIX II (A)	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$10,000	All contracts in excess of \$10,000 must address termination for cause and for convenience by the Non-Federal entity including the manner by which it will be affected and the basis for settlement.	2 CFR 200 APPENDIX II (B)	Contractor RFP/IFB Contractor RFQ Subrecipients
None	Equal Employment Opportunity. Except as otherwise provided under <u>41 CFR Part 60</u>, all contracts that meet the definition of "federally assisted construction contract" in <u>41 CFR Part 60-1.3</u> must include the equal opportunity clause provided under <u>41 CFR 60-1.4(b)</u>, in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at <u>41 CFR part 60</u>, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor." 41 CFR 60-1.4 Equal opportunity clause. (b) Federally assisted construction contracts. (1) Except as otherwise provided, each administering agency shall require the inclusion of the following language as a condition of any grant, contract, loan, insurance, or guarantee involving federally assisted construction which is not exempt from the requirements of the equal opportunity clause: The [recipient] hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following equal opportunity clause: During the performance of this contract, the contractor agrees as follows: (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in	2 CFR 200 APPENDIX II (C) and 41 CFR §60-1.4(b)	Contractor RFP/IFB Contractor RFQ Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin. (3) The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information. (4) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment. (5) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor. (6) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders. (7) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law. (8) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States. The [recipient] further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the [recipient] so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate		

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	in work on or under the contract. The [recipient] agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the recipient agency in the discharge of the agency's primary responsibility for securing compliance. The recipient further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the [recipient] agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the [recipient] under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such [recipient]; and refer the case to the Department of Justice for appropriate legal proceedings.		
>\$10,000,000 for ARPA but State Provision Applies at any amount and/or >\$2,000 for CDBG/Braided Funds Projects See TX Prevailing Wage Laws	Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$10,000,00 awarded by Non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The Non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The Non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The Non-Federal entity must report all suspected or reported violations to the Federal awarding agency.	2 CFR 200 APPENDIX II (D)	Contractor RFP/IFB Subrecipients
>\$100,000	Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the Non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one	2 CFR 200 APPENDIX II (E)	Contractor RFP/IFB Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of <u>40 U.S.C. 3704</u> are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.		
None	Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.	2 CFR 200 APPENDIX II (F)	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$150,000	Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended – Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the Non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).	2 CFR 200 APPENDIX II (G)	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$25,000	Debarment and Suspension (Executive Orders 12549 and 12689) – A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.	2 CFR 200 APPENDIX II (H)	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
>\$100,000	Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) – Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with Non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the Non-Federal award.	2 CFR 200 APPENDIX II (I) and 24 CFR §570.303	Contractor RFP/IFB Contractor RFQ Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	See 2 CFR §200.323 - Procurement of Recovered Materials. Where applicable, in the performance of contract, pursuant to 2 CFR 200.323, the contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines. To the extent that the scope of work or specifications in the contract requires the contractor to provide recovered materials the scope of work or specifications are modified to require that as follows. i. In the performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired— 1. Competitively within a timeframe providing for compliance with the contract performance schedule; 2. Meeting contract performance requirements; or 3. At a reasonable price. ii. Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines web site, https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program. iii. The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the "Solid Waste Disposal Act."	2 CFR 200 APPENDIX II (J)	Contractor RFP/IFB Contractor RFQ Subrecipients
	See 2 CFR §200.216 - Prohibition on certain telecommunications and video surveillance services or equipment (a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to: (1) Procure or obtain; (2) Extend or renew a contract to procure or obtain; or (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in <u>Public Law 115-232</u>, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities). (i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities). (ii) Telecommunications or video surveillance services provided by such entities or using such equipment. (iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity	2 CFR 200 APPENDIX II (K)	Contractor RFP/IFB Contractor RFQ Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	owned or controlled by, or otherwise connected to, the government of a covered foreign country. (b) In implementing the prohibition under <u>Public Law 115-232</u>, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained. (c) See <u>Public Law 115-232</u>, section 889 for additional information. (d) See also <u>§ 200.471</u>.		
	See 2 CFR §200.322 - Domestic Preferences for Procurements. (a) As appropriate and to the extent consistent with law, the Non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award. (b) For purposes of this section: (1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States. (2) "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.	2 CFR 200 APPENDIX II (L)	Contractor RFP/IFB Contractor RFQ Subrecipients
	Additional 2 CFR 200 references & Other Regulations		
None	The Federal awarding agency must establish conflict of interest policies for Federal awards. The Non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.	2 CFR 200.112	Contractor RFP/IFB Contractor RFQ Subrecipients
None	Contracting with HUB, small and minority businesses, women's business enterprises, and labor surplus area firms. (a) The Non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. (b) Affirmative steps must include: (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists; (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources; (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;	2 CFR 200.321	Contractor RFP/IFB Contractor RFQ Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.		
>\$10,000	An NFE (Non-Federal Entity) that is a state agency or an agency of a political subdivision of a state, and the NFE's contractors must comply with Section 6002 of the Solid Waste Disposal Act. Applicable NFEs must include a contract provision requiring compliance with this requirement. This includes contracts awarded by a state agency or political subdivision of a state and its contractors for certain items, as designated by the EPA, with a purchase price greater than \$10,000. Indian Tribal Governments and nonprofit organizations are not required to comply with this provision. Additional requirements are listed below.	2 CFR 200.323	Contractor RFP/IFB Contractor RFQ Subrecipients
None	Financial records, supporting documents, statistical records, and all other Non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon Non-Federal entities. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. The only exceptions are the following: (a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. (b) When the Non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period. (c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition. All records related to ARPA shall be maintained for 5 years per the ARPA terms and conditions and regulations. (d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the Non-Federal entity. All records related to ARPA shall be maintained for 5 years per the ARPA terms and conditions and regulations. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. (e) Records for program income transactions after the period of performance. In some cases, recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the Non-Federal entity's fiscal year in which the program income is earned. (f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: Indirect cost rate computations or proposals, cost allocation plans, and any similar accounting	2 CFR 200.334	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates). (1) <i>If submitted for negotiation.</i> If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. (2) <i>If not submitted for negotiation.</i> If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations.		
None	The Federal awarding agency and the Non-Federal entity should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. The Federal awarding agency or pass-through entity must always provide or accept paper versions of Federal award-related information to and from the Non-Federal entity upon request. If paper copies are submitted, the Federal awarding agency or pass-through entity must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.	2 CFR 200.336	Contractor RFP/IFB Contractor RFQ Subrecipients
None	CONTRACTS WITH COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATION PROHIBITED. A governmental entity may not enter into a governmental contract with a company that is identified on a list prepared and maintained under Section 806.051, 807.051, or 2252.153. The term "foreign terrorist organization" in this paragraph has the meaning assigned to such a term in Section 2252.151(2) of the Texas Government Code.	Texas Government Code 2252.152	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$100,000	PROVISION REQUIRED IN CONTRACT. (a) This section applies only to a contract that: (1) is between a governmental entity and a company with 10 or more full-time employees; and (2) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity. (b) A governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.	Texas Government Code 2271	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
For Critical Infrastructure Projects	PROHIBITION ON CONTRACTS WITH CERTAIN FOREIGN-OWNED COMPANIES IN CONNECTION WITH CRITICAL INFRASTRUCTURE. PROHIBITED CONTRACTS. (a) A governmental entity may not enter into a contract or other agreement relating	Texas Government Code, Title 10, Subtitle F, Chapter 2274.0102	Subrecipients EC 6.1 Awardees

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	to critical infrastructure in this state with a company: (1) if, under the contract or other agreement, the company would be granted direct or remote access to or control of critical infrastructure in this state, excluding access specifically allowed by the governmental entity for product warranty and support purposes; and (2) if the governmental entity knows that the company is: (A) owned by or the majority of stock or other ownership interest of the company is held or controlled by: (i) individuals who are citizens of China, Iran, North Korea, Russia, or a designated country; or (ii) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or (B) headquartered in China, Iran, North Korea, Russia, or a designated country. (b) The prohibition described by Subsection (a) applies regardless of whether: (1) the company's or its parent company's securities are publicly traded; or (2) the company or its parent company is listed on a public stock exchange as: (A) a Chinese, Iranian, North Korean, or Russian company; or (B) a company of a designated country.		
None	Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act.	42 U.S.C. 6201	Contractor RFP/IFB Subrecipients
None	The Firm agrees that no otherwise qualified individual with disabilities shall, solely by reason of his/her disability, be denied the benefits of, or be subjected to discrimination, including discrimination in employment, under any program or activity receiving federal financial assistance.	Section 504 of the Rehabilitation Act of 1973, as amended.	Subrecipients
	ARPA Terms & Conditions		
ARPA Terms, Conditions, & Records	1. Use of Funds. a. Recipient understands and agrees that the funds disbursed under this award may only be used in compliance with section 603(c) of the Social Security Act (the Act), Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing. b. Recipient will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	2. Period of Performance. The period of performance for this award begins on the date hereof and ends on December 31, 2026. As set forth in Treasury's implementing regulations, Recipients may use award funds to cover eligible costs incurred during the period that begins on March 3, 2021, and ends on December 31, 2024.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	3. Reporting. Recipient agrees to comply with any reporting obligations established by Treasury as they relate to this award.	Section 9901 of the American Rescue Plan Act, Pub. L. No.	Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
		117-2; Section 602(b), 603(b) and/or 603(c) as applicable	
ARPA Terms, Conditions, & Records	4. Maintenance of and Access to Records a. Recipient shall maintain records and financial documents sufficient to evidence compliance with section 603(c) of the Act, Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing. b. The Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of Recipient in order to conduct audits or other investigations. c. Records shall be maintained by Recipient for a period of five (5) years after all funds have been expended or returned to Treasury, whichever is later.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	5. Pre-award Costs. Pre-award costs, as defined in 2 CFR § 200.458, may not be paid with funding from this award.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	6. Administrative Costs. Recipient may use funds provided under this award to cover both direct and indirect costs.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	7. Cost Sharing. Cost sharing or matching funds are not required to be provided by Recipient.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	8. Conflicts of Interest. Recipient understands and agrees it must maintain a conflict of interest policy consistent with 2 CFR § 200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. Recipient and subrecipients must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 CFR § 200.112.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	9. Compliance with Applicable Law and Regulations. a. Recipient agrees to comply with the requirements of section 603 of the Act, regulations adopted by Treasury pursuant to section 603(f) of the Act, and guidance issued by Treasury regarding the foregoing. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award. ii. Universal Identifier and System for Award Management (SAM), 2 CFR Part 25, pursuant to which the award term set forth in Appendix A to 2 CFR Part 25 is hereby incorporated by reference. iii. Reporting Subaward and Executive Compensation Information, 2 CFR Part 170, pursuant to which the award term set forth in Appendix A to 2 CFR Part 170 is hereby incorporated by reference. iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement), 2 CFR Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 CFR Part 180, subpart B) that the award is subject to 2 CFR Part 180 and Treasury's implementing regulation at 31 CFR Part 19. v. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 CFR Part 200, Appendix XII to Part 200 is hereby incorporated by reference. vi. Governmentwide Requirements for Drug-Free Workplace, 31 CFR Part 20. (Subrecipient Only) vii. New Restrictions on Lobbying, 31 CFR Part 21. viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations. ix. Generally applicable federal environmental laws and regulations. c. Statutes and regulations prohibiting discrimination applicable to this award include, without limitation, the following: i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 CFR Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance; ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability; iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance; iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 CFR Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.		
ARPA Terms, Conditions, & Records	10. Remedial Actions. In the event of Recipient's noncompliance with section 603 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 CFR § 200.339. In the case of a violation of section 603(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 603(e) of the Act.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	11. Hatch Act. Recipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b),	Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	assistance.	603(b) and/or 603(c) as applicable	
ARPA Terms, Conditions, & Records	12. False Statements. Recipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	13. Publications. Any publications produced with funds from this award must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number [enter project FAIN] awarded to [name of Recipient] by the U.S. Department of the Treasury."	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	14. Debts Owed the Federal Government. a. Any funds paid to Recipient (1) in excess of the amount to which Recipient is finally determined to be authorized to retain under the terms of this award; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to section 603(e) of the Act and have not been repaid by Recipient shall constitute a debt to the federal government. b. Any debts determined to be owed the federal government must be paid promptly by Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made or if the Recipient knowingly or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any actions available to it to collect such a debt.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	15. Disclaimer. a. The United States expressly disclaims any and all responsibility or liability to Recipient or third persons for the actions of Recipient or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this award or any other losses resulting in any way from the performance of this award or any contract, or subcontract under this award. b. The acceptance of this award by Recipient does not in any way establish an agency relationship between the United States and Recipient.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	16. Protections for Whistleblowers. a. In accordance with 41 U.S.C. § 4712, Recipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant. b. The list of persons and entities referenced in the paragraph above includes the following: i. A member of Congress or a representative of a committee of Congress; ii. An Inspector General; iii. The Government Accountability Office;	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	iv. A Treasury employee responsible for contract or grant oversight or management; v. An authorized official of the Department of Justice or other law enforcement agency; vi. A court or grand jury; or vii. A management official or other employee of Recipient, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct. c. Recipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.		
ARPA Terms, Conditions, & Records	17. Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Recipient should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	18. Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Recipient should encourage its employees, subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and Recipient should establish workplace safety policies to decrease accidents caused by distracted drivers	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made and entered into this 30th day of **December, 2024**, by and between the **City of Lockhart**, (hereinafter referred to as “City”), and the **City of Lockhart Public Works Department**, hereinafter referred to as the “Other Party”. The City and Other Party are sometimes referred to as a “Party” and collectively “Parties.”

The following recitals are incorporated in and made a part of this MOU:

WHEREAS, on January 6, 2022, the U.S. Department of the Treasury (“Treasury”) issued the Final Rule to implement Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) Program following adoption of the American Rescue Plan Act (“ARPA”) in 2021; and

WHEREAS, on August 10, 2023, the Treasury released an Interim Final Rule implementing new eligible uses; and

WHEREAS, the Obligation Interim Final Rule (“Obligation IFR”) followed in November 2023, that clarified the definition of “obligation” for the SLFRF program and provided related guidance to give additional flexibility and clarity to recipients to support their use of SLFRF funds; and

WHEREAS, on March, 29, 2024, the Treasury issued FAQ 17.6 to further clarify the definition of Obligation and that it considers an interagency agreement, including an agreement in the form of an MOU, to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies certain conditions; and

WHEREAS, the City was awarded SLFRF funds by the Treasury which were distributed to the City from ARPA for covered costs and eligible expenses to be incurred/obligated between March 3, 2021 and December 31, 2024. These funds must be expended by December 31, 2026, with the exception of costs incurred for expanded surface transportation and Title I projects which must also be obligated by December 31, 2024 and expended by December 31, 2026, as outlined in the Interim Final Rule (August 2023); and

WHEREAS, the City desires to disburse funds to the Other Party to perform certain services in connection therewith as set forth in this MOU and in the Purpose/Scope of Work described herein; and

WHEREAS, the Other Party has represented to the City that it is duly qualified, eligible, and willing to provide the certain services identified herein and in the Purpose/Scope of Work section; and

WHEREAS, recipients may obligate funds pursuant to an interagency agreement, including an agreement in the form of an MOU, if the agreement satisfies certain conditions identified in FAQ 17.6 attached as Exhibit A; and

WHEREAS, through this MOU entered into pursuant to the Obligation IFR, the City wishes to formally and legally obligate the funds,

NOW, THEREFORE, in consideration of the foregoing recitals and terms and conditions set forth herein, and funding allocated in an amount not to exceed [sixty-two thousand and two hundred thirty-one dollars (\$62,231.00)] as herein below set forth, the Parties agree as follows:

I. PURPOSE/SCOPE OF WORK

The purpose of this MOU is to set forth the understanding between the City and Other Party regarding the Purpose and/or Scope of Work to be completed with the SLFRF funds as described here:

American Rescue Plan Act funds will be used to **procure a new service vehicle and associated equipment (trailer, utility bed, etc.) and a backhoe as further described in Exhibit B.**

The project will be funded by both ARPA and the City's general fund. This project and/or procurement will benefit the entire community, as it is the most cost-effective way to provide general government services.

II. AUTHORIZED REPRESENTATIVES

The following will act as the designated Representatives authorized to administer activities to include, but not limited to, notices, consents, approvals, requests, or other general communications provided for or permitted under this MOU. The designated Party Representatives are:

AUTHORIZED REPRESENTATIVES	
City of Lockhart	Other Party
Name: Steve Lewis	Name: Sean Kelley
Title: City Manager	Title: Public Works Director
City of Lockhart	Other Entity Name: City of Lockhart Public Works Dept.
Address: 308 W San Antonio St.	Address: 705 Wichita St.
City/State, Zip Code: Lockhart, TX 78644	City/State, Zip Code: Lockhart, TX 78644
Phone: 512-398-3461	Phone: 512-398-6452
Email: slewis@lockhart-tx.org	Email: skelley@lockhart-tx.org

Either Party may change its designated Representative by providing written notice to the other Party at least ten (10) calendar days prior to the change. Should the person serving either as the Entity's Authorized Representative change during the duration of this MOU, the person replacing the Authorized Representative, as the case may be, shall immediately and automatically assume the duties of Designated Representative under this MOU.

III. CITY'S RESPONSIBILITIES

- A. The City shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.
- B. The City shall be the repository of all receipts and documentation pertinent to the ARPA/SLFRF funds and furnish such to the Treasury upon its request.
- C. The City shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, including but not limited to taking all necessary Council action to approve contracts for the acquisition of goods or services for the construction of real property improvements in furtherance of the Project.
- D. The City shall serve as the primary contact in all matters pertaining to the ARPA/SLFRF funds and the conduit for communication between itself, Treasury, and the Other Party.
- E. The City shall exercise the necessary oversight to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.

IV. OTHER PARTY'S RESPONSIBILITIES

- A. The Other Party shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.
- B. The Other Party shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, and abide by all guidance documents applicable to this MOU, including, without limitation:
 - a. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards;
 - b. The Federal Register;
 - c. The U.S. Department of the Treasury publications and other guidance documents, including the ARPA Required Provisions outlined in Exhibit C; and
 - d. Exhibits included in this Memorandum of Understanding.
- C. The Other Party shall take all actions necessary to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.
- D. The Other Party shall see that all reporting and recordkeeping requirements that facilitate the City's compliance with SLFRF program requirements are met.
- E. The Other Party shall complete all items and deliverables described in the Purpose/Scope of Work and make all payments related to such by or before December 31, 2026.

V. TERMS OF AGREEMENT

A. Purpose of Agreement. The Parties intend this Agreement to act as an obligation of funds for purposes of SLFRF. The Parties agree to promptly amend this Agreement if necessary to meet any additional Treasury requirements or clarify any matter that prevents this Agreement from being treated as an obligation of funds.

B. Term. This MOU shall be effective as of the date signed by the last Party. The obligations of the Parties will end on December 31, 2026. The expenditures outlined in the Purpose/Scope of Work are effective on **December 30, 2024** through December 31, 2026. Unless extended or waived by Treasury, it is understood at the time of this MOU, that no ARPA/SLFRF expenditures are allowed beyond December 31, 2026.

C. Amendment. The City and Other Party may amend this agreement (i) before December 31, 2024, for the purposes described in Section V, Paragraph A above, or (ii) at any time provided that such amendment(s) make specific reference to this MOU and are executed in writing and signed by a duly authorized representative of both Parties. Such amendment(s) shall not invalidate this MOU, nor relieve or release either Party from its obligations under this MOU. Amendment(s) must comply with guidance published in Treasury's Obligation Interim Final Rule or FAQ 17.16, and any additional future guidance from Treasury.

D. Termination. This MOU may be terminated if deemed necessary by either Party upon thirty (30) days' written notice to the other Party. All ARPA/SLFRF funds must be fully obligated by December 31, 2024, and will be subject to recapture or return to Treasury if termination occurs after December 31, 2024.

IN WITNESS, WHEREOF, the City and the Other Party have executed this MOU as of the date first above written.

CITY OF LOCKHART, TEXAS

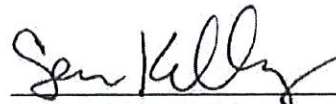
ATTEST:

 Date: 12/24/24
Steve Lewis, City Manager

 Date: 12.30.24
Julie Bowermon, City Secretary

OTHER PARTY

ATTEST:

 Date: 12/30/24
Sean Kelley, Public Works Director

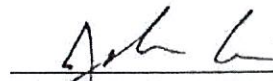
 Date: 12/30/24
John Cain, Street/Sanitation Supervisor

EXHIBIT A

SLFRF Final Rule FAQ – As of March 29, 2024

17.6. Does an interagency agreement between departments and agencies within a recipient's government constitute an obligation?

Treasury considers an interagency agreement, including an agreement in the form of a memorandum of understanding (MOU), to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies one of the following conditions:

- it imposes conditions on the use of funds by the agency, department, or part of government receiving funds to carry out the program;
- it governs the provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds; or
- it governs the procurement of goods or services by one agency, department, or part of government from another

and the agreement also satisfies each of the following conditions:

- it sets forth specific requirements, such as a scope of work and project deliverables;
- it is signed by the parties to the agreement, or otherwise evidences that each party has assented to the agreement; and
- it does not disclaim any binding effect or state that it does not create rights or obligations.

Examples of interagency agreements Treasury would consider obligations include the following:

- If the Office of the Governor of a state has authority over the disposition of federal financial assistance available to the state, an MOU between the Office of the Governor and the state department of education pursuant to which the Governor agrees to fund the department to carry out a summer program to address learning loss related to the pandemic through 2026, including the coverage of payroll for time spent on the program.
- If a city council has appropriated a certain amount of funds for a public safety initiative to be administered by the city's executive branch through fiscal year 2025, an agreement between the city's Chief Executive and the city's public safety department under which the department agrees to comply with reporting and recordkeeping requirements that facilitate the city's compliance with SLFRF program requirements.
- If a county's legislative body has made SLFRF revenue loss funds available to their housing agency for coverage of its operating costs through fiscal year 2026, an agreement with the county's department of technology under which the housing agency procures IT services from the county's department of technology.

- If a Tribal council has made SLFRF funds available to the social services department to cover the operational costs of an elder care program through December 31, 2026, an agreement with the department under which the social services department agrees to perform and complete in a satisfactory and proper manner the scope of work specified in accordance with the SLFRF award terms and conditions.

17.7. May a recipient use SLFRF funds to cover personnel costs between January 1, 2025, and December 31, 2026?

Treasury will consider a recipient to have incurred an obligation with respect to personnel costs for an employee through December 31, 2026, to the extent the employee is serving in a position that was established and filled prior to December 31, 2024.

Accordingly, funds may be used to cover such personnel costs if doing so would fall within the scope of an eligible use of SLFRF, such as payroll costs for state employees overseeing contracts for broadband projects or county employees overseeing affordable housing projects.

Personnel costs for this purpose include all salary and wages, covered benefits, 11 and payroll taxes for such positions, as in effect at the time of payment.

In the event of turnover of personnel, recipients may continue to pay different personnel in the same job position to the extent that the position in question was established and filled prior to December 31, 2024. Recipients may also reorganize positions within the scope of an eligible use of SLFRF after December 31, 2024, but may not use funds to cover any new positions after that date. For example, if an eligible project has filled ten job training specialist positions by December 31, 2024, the recipient may use funds to cover payroll for one of those training specialists who is promoted to supervise the other specialists after December 31, 2024, so long as there are no more than ten positions covered through SLFRF funds in total.

Recipients may estimate the amount that may be necessary to cover personnel costs through the expenditure period, report that estimate to Treasury, and retain those funds to pay personnel costs covered by the estimate, as discussed further in FAQ 17.8.

17.16. Under what circumstances may a recipient use SLFRF to cover cost increases attributable to a contract that is entered into by December 31, 2024?

In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after the obligation deadline of December 31, 2024. However, if a contract entered into by December 31, 2024, expressly provides for change orders or contract contingencies, the recipient may use SLFRF funds to cover increased costs attributable to such change orders or contract contingencies. Such increased costs are not considered new obligations but are instead attributable to a preexisting obligation to accommodate the change or contingency.

Additionally, recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024. This flexibility is consistent with recipients' ability to terminate

a contract for convenience and to use SLFRF funds for costs associated with change orders and contingencies that are contemplated by their contracts and subawards.

Based on comments received from recipients, and for the reasons discussed above, Treasury is providing this guidance as an update to the prior statement in the Obligation IFR that recipients could not use SLFRF funds after the obligation deadline to cover a cost increase associated with a contract amendment.

Recipients may estimate the amount that may be necessary to cover changes or contingencies through the expenditure period, include that amount in the amount of the final obligation for the project that is reported to Treasury as of December 31, 2024, and retain those funds to pay costs covered by the estimate. Recipients providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose. The SLFRF Compliance and Reporting Guidance will be updated to provide additional information on reporting requirements associated with this option.

Recipients may also cover contract cost increases after December 31, 2024, in the scenarios outlined above using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in FAQ 17.19), or (2) program income (as discussed in FAQ 17.21).

EXHIBIT B

Project Scope

Public Works Department

ARPA Funding Amount: \$62,231

Scope of Work:

- The Public Works Department will procure a new service vehicle and associated equipment (trailer, utility bed, etc.) and a backhoe.

Project Deliverables:

- Service vehicle and associated equipment and backhoe.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Public Works department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discuss Ordinance 2026-04 vacating and abandoning approximately 0.171 acres of unused public right-of-way consisting of an alley approximately 20 feet in width extending westward from the 700 block of South Blanco Street towards the 700 block of South Guadalupe Street.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Ordinance

BACKGROUND/SUMMARY/DISCUSSION: The owners of neighboring properties have petitioned the City to release the alley connecting the 700 blocks of South Guadalupe and South Blanco Streets. The property owners have expressed interest in platting their properties to include their share of the alley area and fencing the property lines to reflect the portions of the property that they would acquire. The alley is not paved, and none of the subject right-of-way has been used for any purpose by the City, and it is not anticipated that it will be needed in the future. If the alley is abandoned, a deed or deeds will be created, through which abutting residents would each obtain half of the right-of-way, to the center of the alley.

PROJECT SCHEDULE (if applicable): Not applicable.

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: None.

COMMITTEE/BOARD/COMMISSION ACTION: None.

STAFF RECOMMENDATION/REQUESTED MOTION: Adopt Ordinance 2026-04, abandoning the 0.171-acre alley connecting the 700 block of South Blanco Street and the 700 block of South Guadalupe Street.

LIST OF SUPPORTING DOCUMENTS: Ordinance 2026-04-700 Block of Blanco Guad Alley, S Guadalupe and S Blanco alley abandonment-Exhibit A, Exhibit B-signed consent letters and petitions

City of Lockhart, Texas

Council Agenda Item Cover Sheet

ORDINANCE NO. 2026-04

AN ORDINANCE OF THE CITY OF LOCKHART, TEXAS ABANDONING A SEGMENT OF AN UNNAMED ALLEY CONNECTING SOUTH BLANCO STREET TO SOUTH GUADALUPE STREET, COVERING 0.171 ACRES WHICH IS MORE PARTICULARLY DESCRIBED AND OR DEPICTED IN EXHIBIT A, WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN FOR ALL PURPOSES; AUTHORIZING THE CITY MANAGER TO EXECUTE A DEED OR DEEDS CONVEYING SAID RIGHT-OF-WAY TO ADJACENT PROPERTY OWNERS; PROVIDING THAT ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith SHALL BE REPEALED TO THE EXTENT OF THE CONFLICT ONLY; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING AN OPEN MEETINGS CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Lockhart is a home rule municipality; and

WHEREAS, City's Charter, Powers of the city council Section 3.07 (o) provides that the City may exercise exclusive dominion, control and jurisdiction including the right to close and abandon streets and alleys in, upon, over and under the public streets, avenues, sidewalks, alleys, highways, boulevards and public grounds of the city and provide for the improvement of same as provided in V.T.C.A., Transportation Code Ch. 313, as now or hereafter amended.; and

WHEREAS, Texas Transportation Code Section 311.007 provides that a home rule municipality may vacate, abandon, or close a street or alley; and

WHEREAS, the burden of continued maintenance of streets that are not being used exceeds the benefit that would be incurred if the City continued ownership of the streets; and

WHEREAS, the City Council of the City of Lockhart, Texas has determined and finds it is in the public interest that the heretofore described unnamed alleys, as described and/or depicted in Exhibit A, which is attached hereto and incorporated herein for all purposes, should be abandoned, vacated and closed as a public roadway.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LOCKHART, TEXAS:

Section 1: That the legislative findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

Section 2: It is in the public interest to vacate, abandon, and close the segment of the 0.171-acre alley between South Blanco Street and South Guadalupe Street as shown on Exhibit A

Section 3: Said segments of the 0.171-acre unnamed alley are hereby vacated, abandoned, and closed.

Section 4: The City Manager is hereby authorized to convey by Deed without warranty all the interest the City has in and to the segment of the 0.171-acre unnamed alley as shown described in Section 2 of this ordinance to the owners of the abutting properties.

Section 5: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict only.

Section 6. The repeal of any ordinance or part of ordinances effectuated by the enactment of this ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the City under any section or provisions of any ordinances at the time of passage of this ordinance.

Section 7. If any provision, section, sentence, clause, or phrase of this ordinance or application of the same to any person or set of circumstances is for any reason held to be unconstitutional, void, invalid, or unenforceable, the validity of the remaining portions of this ordinance or its application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the Lockhart City Council in adopting, and the Mayor in approving this Ordinance, that no portion thereof or provisions or regulation contained herein shall become inoperative or fall by reason of any unconstitutionally or invalidity of any portion, provision, or regulation.

Section 8. It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

Section 9: That this Ordinance shall become effective from and after its date of passage in accordance with law.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS,
THIS THE 17th DAY OF FEBRUARY, 2026.**

**Lew White, Mayor
City of Lockhart**

ATTEST:

**Julie Bowermon,
City Secretary**

APPROVED AS TO FORM:

Brad Bullock, City Attorney

S GUADALUPE ST AND S BLANCO ST ALLEY ABANDONMENT - EXHIBIT A



CITY OF
Lockhart
TEXAS

This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey, and represents only the approximate relative location of property boundaries.

0 50 100 Feet

Legend

- RIGHT-OF-WAY ABANDONMENT
- PARCEL BOUNDARY

Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

BENNY BRICENO AND GRACIELA DURAN have reviewed the attached Exhibit "A", have no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature: Graciela Duran-Briceño Date: 11/28/2025

Owner Printed name: Graciela Duran-Briceño

Owner Mailing Address: 622 S. Guadalupe St, Lockhart, Tx 78644

Owner Signature: Benito Briceño Date: 11/28/2025

Owner Printed name: Benito Briceño

Owner Mailing Address: 622 S. Guadalupe St., Lockhart, Tx 78644

Property Address: 622 S GUADALUPE STREET

PROPERTY ID 20776

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of November 28th, 2025, by

Jada Silk [Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Jada Silk

Notary's commission expires: 10-27-2027

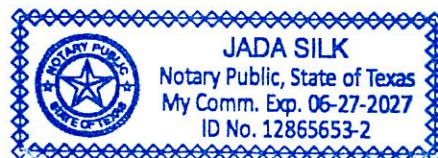


Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

ROBERT L CURRIE JR has reviewed the attached Exhibit "A", has no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature: Robert Currie Date: 12-15-25

Owner Printed name: ROBERT CURRIE

Owner Mailing Address: 617 SOUTH BLANCO

Owner Signature: _____ Date: _____

Owner Printed name: _____

Property Address: 617 SOUTH BLANCO STREET

PROPERTY ID 20772

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of December 15, 2025, by

Yvette Aguado [Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: 9-23-2029

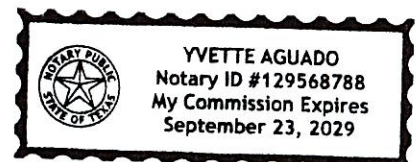


Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

HENRY Z AND PETRA PARRA have reviewed the attached Exhibit "A", have no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature: Petra Parra Date: 12-9-25

Owner Printed name: Petra Parra

Owner Mailing Address: _____

Owner Signature: Henry Parra Date: 12-9-25

Owner Printed name: Henry Parra

Owner Mailing Address: _____

Property Address: 702 SOUTH GUADALUPE STREET

PROPERTY ID 20782

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of December 9, 2025, by

Yvette Aguado

[Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: 9-23-2029

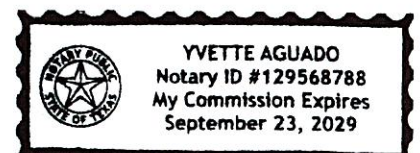
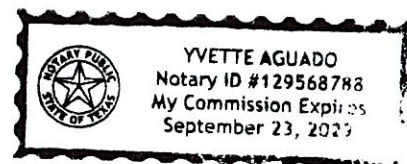


Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

RUDY AND ARIANA RUIZ FAMILY TRUST (20%) & THREE SIBLINGS TRUST (80%) have reviewed the attached Exhibit "A", have no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature:  Date: 2-3-26
Owner Printed name: Susie Ruiz Trustee - 3 Siblings Trust
Owner Mailing Address: 180 Reagan Drive Kyle TX 78640
Owner Signature:  Date: 2/3/26
Owner Printed name: Rudy Ruiz
Owner Mailing Address: 703 S. Blanco
Owner Signature: _____ Date: _____
Owner Printed name: _____
Owner Mailing Address: _____
Owner Signature: _____ Date: _____
Owner Printed name: _____
Owner Mailing Address: _____
Owner Signature: _____ Date: _____
Owner Printed name: _____
Owner Mailing Address: _____

Property Address: 703 SOUTH BLANCO STREET

PROPERTY ID 20782

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of February 3, 2026, by

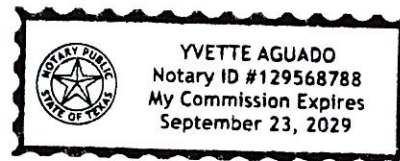
[Signature]

[Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: September 23, 2029



Property Address: 703 SOUTH BLANCO STREET

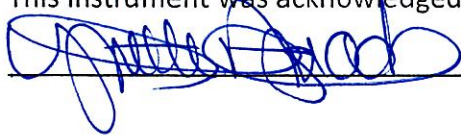
PROPERTY ID 20782

ACKNOWLEDGMENT

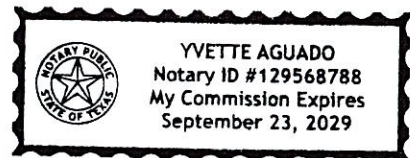
THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of February 3, 2026, by



_____[Notary Signature]



Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

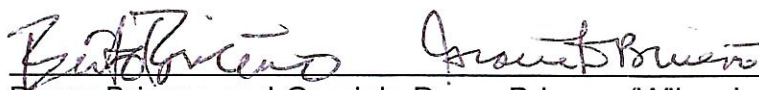
Notary's commission expires: September 23, 2029

July 18, 2025

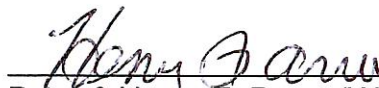
To: City of Lockhart Council

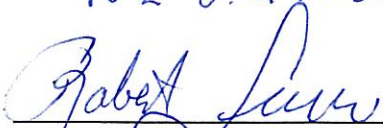
Ref: Ordinance to Vacate Alley between South Blanco Street and South Guadalupe Street, Lockhart, Texas

The following property owners have signed a petition to vacate the alley between South Blanco Street and South Guadalupe Street, Lockhart, Texas.

 Date 11/18/25
Benny Briceno and Graciela Duran-Briceno (Wilson's Addition, Block 1, Lot 6)
622 S. Guadalupe St.

 Date 11/18/25
Rudy Ruiz (Wilson's Addition, Block 2, Lot 1 & North Part of 2)
703 S. Blanco St.

 Date 11/18/25
Petra & Henry Z. Parra (Wilson's Addition, Block 2, Lot 1 and North Part of 2)
702 S. Guadalupe St.

 Date 11/18/25
Robert Currie (Wilson's Addition, Block 1, Lot 3 Part 2).
617 S. Blanco St.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding Resolution 2026-10, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District Area #1.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: This action approves the Preliminary Limited Offering Memorandum ("PLOM") related to the Seawillow Public Improvement District Improvement Area #1 Bonds. The PLOM is the disclosure document that the City's underwriter, FMS Bonds, will use to market the bonds to potential investors. The PLOM has been reviewed by all parties involved in the bond issuance, including the City's Bond Counsel, City Attorney, Financial Advisor and PID Consultant.

PROJECT SCHEDULE (if applicable): None

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: The proposed PLOM for this area and for the major improvement area are further steps in the approval of the Seawillow Development Agreement on June 18, 2024, specifically the authorization to create a Public Improvement District.

COMMITTEE/BOARD/COMMISSION ACTION: None

STAFF RECOMMENDATION/REQUESTED MOTION: Approval of Resolution 2026-10, approving the form and authorizing the distribution of a PLOM for Seawillow Ranch PID Area #1.

LIST OF SUPPORTING DOCUMENTS: Resolution 2026-10 Approving PLOM IA #1, Lockhart Seawillow Ranch IA#1 2026 - PLOM Exhibit A

RESOLUTION NO. 2026-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF LOCKHART, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026 (SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)"

WHEREAS, this City Council (the "Council") of the City of Lockhart, Texas (the "City") has adopted a resolution authorizing the creation of the Seawillow Ranch Public Improvement District (the "District"); and

WHEREAS, this Council intends to issue "City of Lockhart, Texas Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the "Bonds"), to fund public improvements within the District; and

WHEREAS, there has been presented to this Council a substantially final Preliminary Limited Offering Memorandum relating to the Bonds (the "Preliminary Limited Offering Memorandum"), attached hereto as Exhibit A; 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 Underwriter for the Bonds, FMSbonds, Inc.; 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 LOCKHART, 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, attached hereto as Exhibit A, 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, Assistant City Manager or the City Attorney. 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.

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PASSED AND APPROVED on this 17th day of February, 2026.

THE CITY OF LOCKHART, TEXAS

By: _____
Lew White, Mayor

ATTEST:

By: _____
Julie Bowermon, City Secretary

APPROVED AS TO FORM:

By: _____
Brad Bullock, City Attorney

Signature Page

EXHIBIT A

Preliminary Limited Offering Memorandum
(Improvement Area #1)

NEW ISSUE

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 18, 2026

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 McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under “TAX MATTERS,” including the alternative minimum tax on certain corporations.

\$15,837,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

Sale Date: March 3, 2026

Interest accrues from the Closing Date (defined below)

Due: September 1, as shown on inside cover

The City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the “Bonds”), are being issued by the City of Lockhart, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2026, 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 UMB Bank, N.A., 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”), and an Indenture of Trust expected to be entered into by and between the City and the Trustee (the “Indenture”). *Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.* See “APPENDIX B – Form of Indenture.”

Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS” 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 a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments levied against Improvement Area #1 Assessed Property in the District in accordance with a Service and Assessment Plan, 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 SIMILARLY SECURED.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

The Bonds are the initial series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds involve a significant degree of risk, are speculative in nature, and are not suitable for all investors. See “BONDHOLDERS’ RISKS.” The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its City Attorney, Messer Fort PLLC, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 26, 2026 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: ^(a)

\$15,837,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 1, 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 S&P Global Market Intelligence on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 1, 20 __, are subject to redemption before their respective scheduled maturity dates, in whole or in part, at the option of the City, on any date on or after September 1, 20 __, at the redemption prices 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 described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

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* Preliminary; subject to change.

CITY OF LOCKHART, TEXAS

Elected Officials

<u>NAME</u>	<u>TERM EXPIRES (NOVEMBER)</u>
Lew White, Mayor	2026
Juan Mendoza, Councilmember District 1	2027
John Castillo, Councilmember District 2	2027
John Lairsen, Councilmember District 3	2026
Jeffry Michelson, Councilmember District 4	2026
Brad Westmoreland, Councilmember At-Large	2027
Taylor Burge, Councilmember At-Large	2027

Selected Administrative Staff

CITY MANAGER

Joseph Resendez

CITY SECRETARY

Julie Bowermon

FINANCE DIRECTOR

Keeli Michna

CITY ATTORNEY

Messer Fort, PLLC

BOND COUNSEL

McCall, Parkhurst & Horton, L.L.P.
Austin, Texas

FINANCIAL ADVISOR

Specialized Public Finance, Inc.
Austin, Texas

PID ADMINISTRATOR

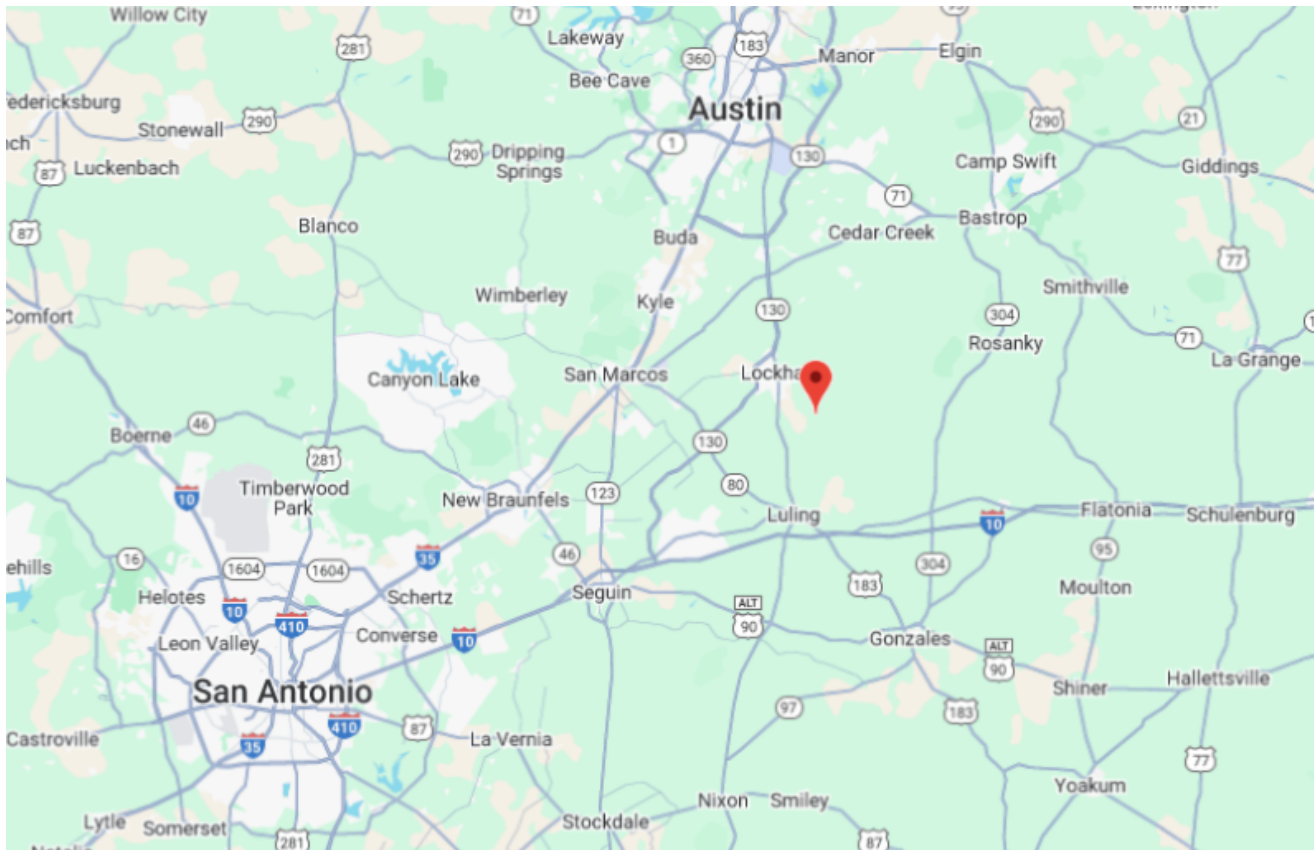
P3Works, LLC
Austin, Texas

For additional information regarding the City, please contact:

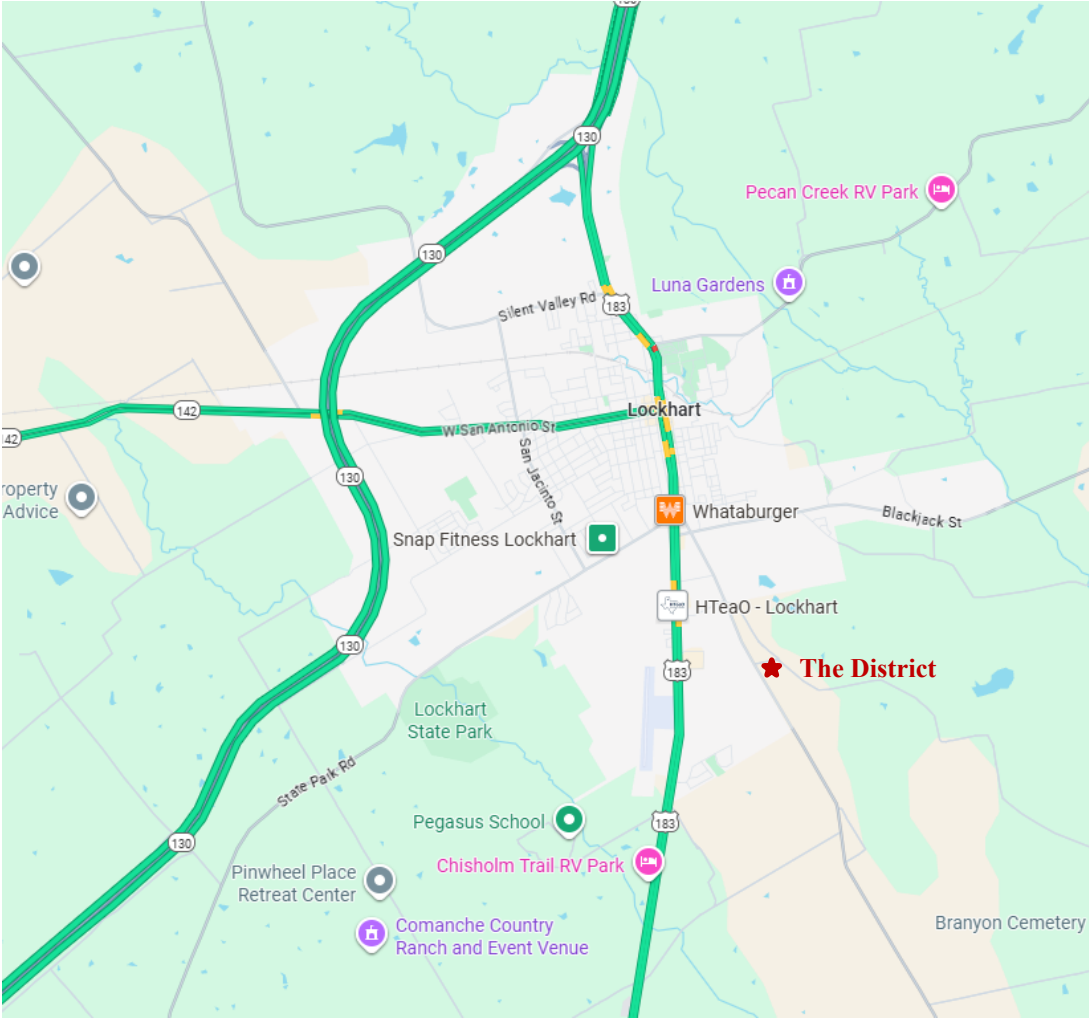
Joseph Resendez
City Manager
City of Lockhart, Texas
308 W. San Antonio St.
Lockhart, Texas 78644
(512) 398-3461

Jennifer Ritter
Managing Director
Specialized Public Finance, Inc.
248 Addie Roy Rd., Suite B-103
Austin, Texas 78746
(512) 275-7304

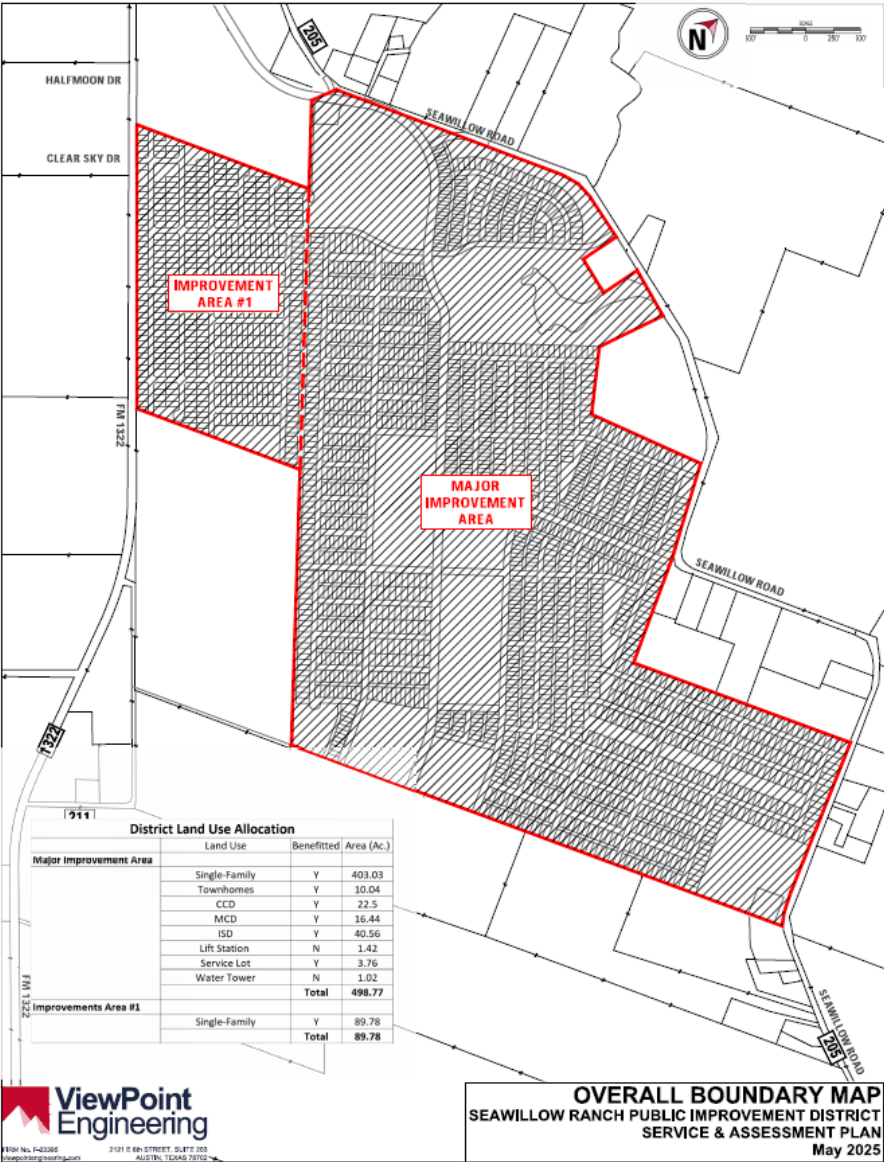
REGIONAL LOCATION MAP OF THE DISTRICT



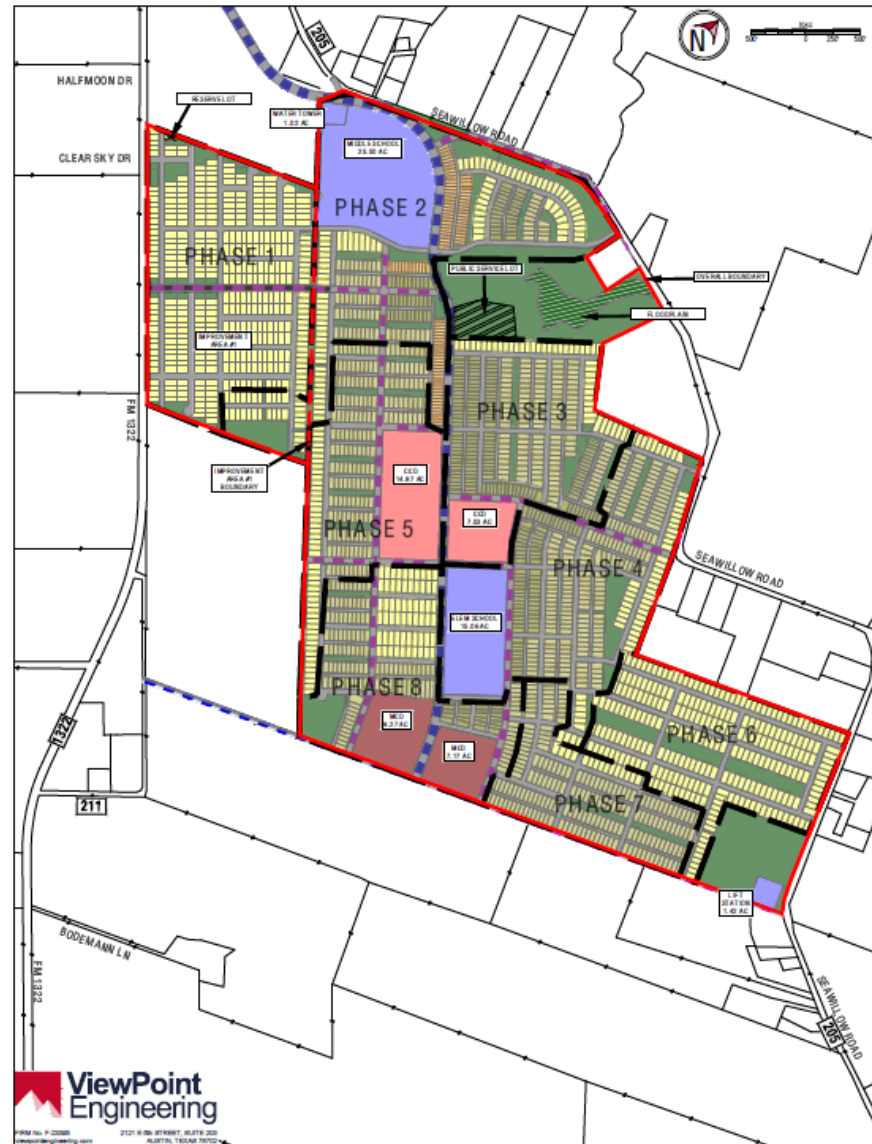
AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1, AND THE MAJOR IMPROVEMENT AREA



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 (THE "RULE" OR "RULE 15C2-12"), THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "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." EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

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

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

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

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

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

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, THE RULE.

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APPENDIX F	Development Agreement
APPENDIX G	Form of Improvement Area #1 Construction, Funding, and Acquisition Agreement
APPENDIX H	Photographs of the District
APPENDIX I	Appraisal

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$15,837,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

INTRODUCTION

The purpose of this Preliminary Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Lockhart, Texas (the “City”), of its \$15,837,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the “Bonds”).

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

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

The Bonds are the first series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds Similarly Secured, including the Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments levied, pursuant to the Assessment Ordinance expected to be adopted by the City Council on March 3, 2026, against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds.

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, the Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Developer, the Administrator, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the form of Service and Assessment Plan appears as “APPENDIX C – Form of 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 and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Overview

ROED Prop Co, LLC, a Texas limited liability company (the “Developer”), purchased approximately 89.769 acres on August 31, 2021, such acreage comprising “Improvement Area #1” of the District (as identified in the map on page iv) using cash on hand. On September 30, 2024, RODG DT Seawillow PropCo LLC, a Texas limited liability company (the “MIA Lot Developer”), the expected lot developer of the property in the “Major Improvement Area” (as identified in the map on page iv), and affiliate of the Developer, purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area. Red Oak Development Group, LLC (“Red Oak”), an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also “THE DEVELOPER.”

The District consists of approximately 588.547 acres located partially in the corporate boundaries and partially in the extra-territorial jurisdiction of the City. Only Improvement Area #1 is in the corporate boundaries of the City. The District is expected to be developed in eight phases as a master planned development to include approximately 2,332 single-family detached residential lots consisting of 40’, 45’, 50’, 60’, and 70’ front footage lots; up to 95 single-family attached 25’ townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8’ wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district (collectively, the “Development”). See the concept plan on page v.

Development Plan

The Developer is constructing the public improvements that benefit only the lots within Improvement Area #1 (the “Improvement Area #1 Improvements”) and the portion of the public improvements that benefit all of the property within the District (the “Major Improvements”) allocable to Improvement Area #1 (such portion, the “Improvement Area #1 Major Improvements”). Proceeds of the Bonds will be used to pay a portion of the costs of the Improvement Area #1 Improvements and the Improvement Area #1 Major Improvements (together, the “Improvement Area #1 Projects”). See “THE IMPROVEMENT AREA #1 PROJECTS.”

Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50’ front footage lots. The Developer is constructing the lots in Improvement Area #1 in two phases, consisting of approximately 203 lots in “Phase 1” (as identified in the Concept Plan on page v) and approximately 211 lots in “Phase 2” (as identified in the Concept Plan on page v). The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026.

The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

The total cost of the Improvement Area #1 Projects is expected to be approximately \$17,058,425. A portion of the proceeds of the Bonds in the approximate amount of \$12,063,613* is expected to be used to reimburse the Developer for costs of the Improvement Area #1 Projects. The balance of such costs in the approximate amount of \$4,994,812* will be financed by the Developer, without reimbursement by the City. As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements (defined herein) using proceeds of the Construction Loan (defined herein), the Earnest Money (defined herein), and additional earnest money received by the Developer, as more particularly described under “THE DEVELOPMENT –

Homebuilders, Lot Purchase Agreements, and Letters of Intent in Improvement Area #1.” See “THE DEVELOPER – History and Financing of the District.”

The Developer and the City expect to enter into the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of the Improvement Area #1 Projects, including payment to the Developer for funds expended by the Developer and used to pay costs of the Improvement Area #1 Projects. See “APPENDIX G – Form of Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement.”

In addition to the Improvement Area #1 Improvements and the Major Improvements, the Developer will construct certain additional public improvements necessary for the delivery of lots in the District without reimbursement by the City (the “Private Improvements”). The cost of the Private Improvements is expected to be approximately \$2,237,458. See “THE DEVELOPMENT – The Amenities and the Private Improvements,” “– Development Agreement,” “THE DEVELOPER – History and Financing of the District,” and “APPENDIX F – Development Agreement.”

On February 3, 2025, the City adopted an ordinance (the “TIRZ Ordinance”), creating the Tax Increment and Reinvestment Zone Number 1, City of Lockhart, Texas (Seawillow Development) (the “TIRZ”), pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), encompassing the District, including Improvement Area #1, and authorizing the use of ad valorem tax increment attributable to the new development and growth in taxable value within the TIRZ for payment of project costs pursuant to the TIRZ Act, including the Improvement Area #1 Projects, as provided in the Tax Increment and Reinvestment Zone Number 1, City of Lockhart, Texas (Seawillow Development) Project and Finance Plan (including any amendments or supplements thereto, the “TIRZ Project Plan”) and the Development Agreement. The City intends to transfer to the Pledged Revenue Fund on a parcel-by-parcel basis TIRZ Revenues (defined herein) actually received to be used as a credit against Improvement Area #1 Assessments due each year on each related parcel. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount” and “BONDHOLDERS’ RISKS – TIRZ Annual Credit Amount and Marketing of the Development.”

Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1

The Developer has entered into a letter of intent (the “Hakes Bros LOI”) and lot purchase and sale agreements (the “Lot Purchase Agreements”) with the following homebuilders (collectively, the “Homebuilders”) for 290 of the planned 414 lots within Improvement Area #1. The following table reflects the names of the Homebuilders and numbers of lots for the Hakes Bros LOI and each Lot Purchase Agreement. See “THE DEVELOPMENT – Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1.”

<u>Homebuilder</u>	<u>Number of Lots</u>
CastleRock Communities LLC (“CastleRock”)	110
Adams Homes Lone Star, L.L.C. (“Adams”)	115
Hakes Brothers SATX, LLC (“Hakes Bros.”)	65
	290

The Bonds

The Bonds are the initial series of Bonds Similarly Secured to be issued under the Indenture. Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds. and (iv) the interest on the Bonds during and after the period of construction of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B – Form of Indenture.”

Payment of the Bonds Similarly Secured, including the Bonds, is payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments levied against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision

or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the 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.

Additional Indebtedness

Concurrently with the issuance of the Bonds, the City expects to issue its City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the “Major Improvement Area Bonds”) for the purpose, among other things, of paying a portion of the costs of the Major Improvement Area’s proportionate share of the Major Improvements. The Major Improvement Area Bonds will be secured by assessments levied against assessable property within the Major Improvement Area only (the “Major Improvement Area Assessments”). **Property within the Major Improvement Area will not be subject to the Improvement Area #1 Assessments. The Major Improvement Area Assessments are not security for the Bonds.**

The City expects to issue one or more series of future phased bonds or obligations (each such series of bonds or obligations being “Future Improvement Area Obligations”) to finance the costs of public improvements (the “Future Improvement Area Improvements”) within each phase of development within the Major Improvement Area (collectively, the “Future Improvement Areas”) as development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Obligations. Such Future Improvement Area Obligations will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Future Improvement Area Improvements being financed. See “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Obligations.”

The Bonds, the Major Improvement Area Bonds, and any Future Improvement Area Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Neither the Major Improvement Area Bonds nor any Future Improvement Area Obligations to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Initial Purchaser”) 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 Improvement Area #1 Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. None of the City, its councilmembers, officers, or employees shall have any liability for or in connection with the Investor’s decision to purchase the Bonds; provided, however, that they may have liability to the Investor 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 Similarly Secured.

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 of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each Interest Payment Date, being each March 1 and September 1, commencing September 1, 2026, until Stated Maturity or prior redemption. UMB Bank, N.A., is the initial Trustee, Paying Agent, and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in Authorized Denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 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 the Redemption Price equal to 100% of the principal amount of all or a portion of Bonds to be redeemed, plus accrued but unpaid interest to the date of redemption.

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the

than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

Upon surrender of any Bond for redemption in part, the Trustee 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 written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond Similarly Secured 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 Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, an identification of the Bonds Similarly Secured 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 Similarly Secured shall become due and payable.

Any notice given as provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption 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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, 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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the 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 all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS, OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS SIMILARLY SECURED

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. "Bonds Similarly Secured" means, collectively, any Outstanding Bonds and Refunding Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B – Form of Indenture."

General

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds, are equally and ratably secured by and payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of Improvement Area #1 Assessments expected to be levied against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City Council expects to approve and adopt the Assessment Ordinance, including the Service and Assessment Plan, on March 3, 2026, which describes the special benefit received by the Improvement Area #1 Assessed Property, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the Improvement Area #1 Assessments, and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds. The Service and Assessment Plan will be reviewed and updated annually for the purpose of determining the annual budget for the Improvement Area #1 Projects and the Annual Installments of Improvement Area #1 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 of Improvement Area #1 Assessed Property. See “APPENDIX C – Form of Service and Assessment Plan.”

In connection with the pricing of the Bonds expected to occur on March 3, 2026, and as provided in the Assessment Ordinance, the City expects to approve the Service and Assessment Plan, which will reflect the actual interest rates on the Bonds, as well as the Additional Interest to be collected pursuant to Section 372.018(a) of the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of applicable law to finance the Improvement Area #1 Projects by levying Improvement Area #1 Assessments upon the Improvement Area #1 Assessed Property. For a description of the assessment methodology and the amounts of Improvement Area #1 Assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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

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

“Additional Interest Rate” means the additional 0.50% interest charged on the Improvement Area #1 Assessments as authorized by Section 372.018 of the PID Act.

“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 and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to the Improvement Area #1 Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds Similarly Secured; (6) investing or depositing Improvement Area #1 Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of Bonds Similarly Secured, including continuing disclosure requirements; and (8) the Paying Agent/Registrar and Trustee in connection with Bonds Similarly Secured, 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 the Improvement Area #1 Assessments 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.

“Assessment Revenues” means the revenues received by the City from the collection of Improvement Area #1 Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

“Delinquent Collection Costs” means, for a Parcel, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Improvement Area #1 Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Improvement Area #1 Assessments, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Improvement Area #1 Assessed Property” or “Improvement Area #1 Assessed Properties” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied as shown on the Improvement Area #1 Assessment Roll (as the same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within Improvement Area #1 other than Non-Benefited Property as defined in the Service and Assessment Plan.

“Improvement Area #1 Assessment” means an Assessment levied against Improvement Area #1 Assessed Properties and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property and included in the Service and Assessment Plan as Exhibit E-1, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

“Parcel” or “Parcels” means a parcel or parcels within the boundaries of the District, identified by either a tax map identification number assigned by the Caldwell 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 the County or by any other means determined by the City Council.

“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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment of the Improvement Area #1 Assessment.

“Trust Estate” means, collectively, (i) the Pledged Revenues, 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 now existing or hereafter coming into existence, and whether now or hereafter acquired, (ii) any and all other property or money of every name and nature which is, from time to time 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 covenants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Improvement Area #1 Assessments

For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees, and warrants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 or otherwise other than funds on deposit in the Administrative Fund.

Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount

The City adopted the TIRZ Ordinance authorizing the use of TIRZ Revenues (defined below) for payment of costs of TIRZ Projects, including costs of the Improvement Area #1 Projects, as provided for in the TIRZ Project Plan. In that certain Interlocal Agreement Regarding the City of Lockhart, Texas, Tax Increment Reinvestment Zone Number 1 by and among the City, the County, and the TIRZ (the “TIRZ Agreement”), the City and the County both agree to contribute a portion of its ad valorem tax increment (the “Tax Increment”) attributable to the new development within the TIRZ into a tax increment fund created by the City (the “TIRZ Fund”) to pay costs of TIRZ Projects, including costs of the Improvement Area #1 Projects. The City has agreed to contribute to the TIRZ Fund (i) 23% in years 2026-2035, and (ii) 28.5% in years 2036-2065 of the Tax Increment generated by application of its ad valorem tax rate to each Parcel in the TIRZ; and the County has agreed to contribute to the TIRZ Fund (i) 23% in years 2026-2035, and (ii) 28.5% in years 2036-2065 of the Tax Increment generated by application of its maintenance and operation tax rate to each Parcel in the TIRZ (collectively, the “TIRZ Revenues”).

The City and the County have agreed to transfer TIRZ Revenues generated from each Parcel within the District (the “TIRZ Annual Credit Amount”) from the TIRZ Fund to the Pledged Revenue Fund to offset a portion of each such Parcel’s Annual Installment of Improvement Area #1 Assessment due each year, as calculated by the Administrator in collaboration with the City, in accordance with the Service and Assessment Plan; *provided, however*, that the TIRZ Annual Credit Amount shall not exceed \$649.35 in years 2026-2035 and \$804.63 in years 2036-2055 for each lot within Improvement Area #1 (the “TIRZ Maximum Annual Credit Amount”). The Annual Installment payable with respect to each Parcel will be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to such Parcel on deposit in the TIRZ Fund. See “APPENDIX C – Form of Service and Assessment Plan.”

Pursuant to the TIRZ Ordinance and TIRZ Project Plan, the TIRZ Revenues generated by each Parcel in any given year shall be used to calculate such parcel’s TIRZ Annual Credit Amount in the following year (i.e., TIRZ Revenues collected in 2027 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2028). The TIRZ Revenues are generated only from the applicable ad valorem taxes levied and collected by the City and the County, respectively, on the captured appraised value of a Parcel in any year. Consequently, TIRZ Revenues are generated only if the appraised value of a Parcel in any year is greater than the base value of such Parcel (such base value being equal to the appraised value of such Parcel as of January 1, 2026). Any delay or failure of the Developer to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit to the Annual Installments. See “ASSESSMENT PROCEDURES – Improvement Area #1 Assessment Amounts – TIRZ Annual Credit Amount” and “APPENDIX C – Form of Service and Assessment Plan.”

The TIRZ will terminate on the earlier of (i) December 31, 2065, or (ii) at such time that the obligations of the TIRZ, including all the costs of all TIRZ Projects, have been paid in full. or when the maximum amount committed by each taxing unit is reached, unless terminated by the City earlier. If upon expiration of the stated term of the TIRZ, the obligations of the TIRZ have not been fully funded by the TIRZ Fund, neither the City nor the County shall have any obligation to pay the shortfall and the term shall not be extended. Notwithstanding the foregoing, the City may elect to extend the term of the TIRZ in accordance with the TIRZ Act, and the County may elect to extend its participation in the TIRZ. The City expects to collect TIRZ Revenues for the last year in calendar year 2065 and apply them to the TIRZ Annual Credit Amount in 2066.

THE TIRZ REVENUES WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS SIMILARLY SECURED, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT. THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF THE IMPROVEMENT AREA #1 ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ANNUAL COLLECTION COSTS AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. SUCH TIRZ CREDIT AMOUNT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE PRINCIPAL AND INTEREST PORTION OF THE ANNUAL INSTALLMENT FOR ANY ASSESSED PARCEL UNTIL 2027. TIRZ REVENUES GENERATED FROM THE CAPTURED APPRAISED VALUE FOR EACH PARCEL IN IMPROVEMENT AREA #1 DURING THE DEVELOPMENT OF SUCH PARCEL WILL NOT RESULT IN A TIRZ ANNUAL CREDIT AMOUNT WHICH IS SUFFICIENT TO ACHIEVE THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT. THE ABILITY OF THE TIRZ ANNUAL CREDIT AMOUNT TO PROVIDE FOR THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT FOR PARCELS WITHIN IMPROVEMENT AREA #1 IS DEPENDENT ON THE ACTUAL BUILDOUT VALUE IN IMPROVEMENT AREA #1 MEETING THE PROJECTIONS FOR THE ESTIMATED BUILDOUT VALUES DESCRIBED IN THE SERVICE AND ASSESSMENT PLAN. SEE “OVERLAPPING TAXES AND DEBT,” “BONDHOLDERS’ RISKS – TIRZ ANNUAL CREDIT AMOUNT AND MARKETING OF THE DEVELOPMENT,” AND “APPENDIX C – FORM OF SERVICE AND ASSESSMENT PLAN.”

Unconditional Levy of Improvement Area #1 Assessments

The Annual Installments of the Improvement Area #1 Assessments shall be sufficient to pay the principal of and interest on the Bonds Similarly Secured, including the Bonds, scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Improvement Area #1 Assessments will become effective on the date of adoption, and strictly in accordance with the terms, of the Assessment Ordinance. Each Improvement Area #1 Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Improvement Area #1 Assessments. Pursuant to the Assessment Ordinance, interest on the Improvement Area #1 Assessments will be calculated at the rate of interest on the Bonds, plus the Additional Interest Rate, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Improvement Area #1 Assessment, will be calculated annually and will be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the Annual Collection Costs. The portion of each Annual Installment of an Improvement Area #1 Assessment used to pay Annual Collection Costs will 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 amount collected to pay Annual Collection Costs will be due when billed, expected to be on or about October 1 of each year, in the manner set forth in the Assessment Ordinance, and will be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There will be no discount for the early payment of Improvement Area #1 Assessments.

The PID Act provides that the Improvement Area #1 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 Improvement Area #1 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 liability of and charge against the owners of Improvement Area #1 Assessed Property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien will be effective from the date of adoption of the Assessment Ordinance until the Improvement Area #1 Assessments are paid (or otherwise discharged) and will be enforceable by the City in the same manner that an ad valorem property tax levied against real property may be enforced by the City. 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.”

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Improvement Area #1 Assessments and such remaining Annual Installments (including interest) will continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfect Security Interest

The lien on and pledge of the Trust Estate to repayment of the Bonds will be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured, including 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 Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve the perfection of the security interest in said pledge to the registered owners of the Bonds, the City has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, 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 and Project Collection Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer or cause to be transferred pursuant to a City Certificate provided to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collector of the County. Upon the Trustee’s receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate, 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 Actual Costs of the Improvement Area #1 Projects as provided in the Indenture, 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 in the Indenture and, on each March 1, beginning March 1, 2027, 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 transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full to the Bond Pledged Revenue Account of the Pledged Revenue Fund set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full to the Reserve Account of the Reserve Fund set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates specified in the Indenture and after the Trustee deposits all such Pledged Revenues as provided in the Indenture, the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits to the Bond Pledged Revenue Account of the Pledged Revenue Fund and to the Reserve Account of the Reserve Fund are made in full.

While any of the Bonds Similarly Secured are Outstanding, the County, acting by and through its Tax Assessor-Collector or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City's behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City's behalf, the Trustee shall accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate, deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be deposited such Pledged Revenues pursuant to the first paragraph under this subcaption. The City shall provide such City Certificate on or before February 20, 2027, and on or before every February 20 and August 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in clause (i) of the first paragraph under this subcaption for the debt service payment date immediately following the required City Certificate delivery date or the deposit in full set forth in clause (ii) of the first paragraph under this subcaption after the City provides a City Certificate by the dates specified in this paragraph and after the Trustee deposits all Pledged Revenues received as provided in this paragraph and the first paragraph under this subcaption, the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this paragraph and the first paragraph under this subcaption as necessary to ensure the deposits set forth in clauses (i) and (ii) of the first paragraph under this subcaption are made in full.

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 and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds 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 in connection with the Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate, *second*, to the Delinquency & Prepayment Reserve Account to replenish the Delinquency & 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, pursuant to a City Certificate, which monies may be used for any lawful purpose for which Improvement Area #1 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/or interest then due and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the preceding paragraph, 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.

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027. Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Project Fund, or if the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

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 in the first paragraph under this subcaption, 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 specified in the paragraph of “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 Similarly Secured pursuant to the instructions on the memorandum to be prepared by the underwriter for the Bonds Similarly Secured (the “Closing Memorandum”) as of the Closing Date for the respective series of Bonds Similarly Secured. If, after the foregoing disbursements made pursuant to the Closing Memorandum, there are funds remaining in the Cost of Issuance Account, 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 Similarly Secured pursuant to one or more City Certificates as provided in the Indenture.

Disbursements from the Improvement Area #1 Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such Certification for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions 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. The disbursement of funds from the Improvement Area #1 Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Construction, Funding, and Acquisition Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Improvement Area #1 Construction, Funding, and Acquisition Agreement and no other provisions of the Improvement Area #1 Construction, Funding, and Acquisition Agreement are herein incorporated by reference and deemed set forth herein in full.

Except as otherwise provided in the Indenture, money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall be used solely to pay Actual Costs of the Improvement Area #1 Improvements, provided the Trustee shall have no responsibility for the application of any funds disbursed from the Improvement Area #1 Improvements 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 Area #1 Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Improvement Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Improvement Area #1 Improvement Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #1 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 Area #1 Improvement Account of the Project Fund shall be closed.

In making any determination pursuant to this Section, 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 Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Area #1 Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 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 Area #1 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 applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account of the Project Fund shall be transferred to (i) the Improvement Area #1 Improvement Account in the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements, or (ii) if no Improvement Area #1 Improvements remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

Reserve Fund

The City agrees with the Holders of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account of the Reserve Fund an amount equal to not less than the Reserve Account Requirement. Reserve Account Requirement means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of an optional redemption or extraordinary optional redemption pursuant to the Indenture, and any such reduction in the Reserve Account Requirement shall be 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 date of issuance of the Bonds, the Reserve Account Requirement is \$_____*, which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of their date of issuance. The City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund, as provided in the Indenture.

Subject to requirements with respect to the Pledged Revenue Fund, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2027, 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. Delinquency & Prepayment Reserve Requirement means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Improvement Area #1 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.

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 if 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 again accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this paragraph, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds Similarly Secured are no longer Outstanding.

Whenever a transfer is made from an Account of 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.

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 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 and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000 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 written 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 to pay Rebatale Arbitrage, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, or (iii) to the Improvement Area #1 Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements if such application and the expenditure of funds is expected to occur within three years of the Closing Date.

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 Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with the Indenture.

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, and *second*, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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 shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

Administrative Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 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, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with the Indenture.

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. See “APPENDIX C – Form of Service and Assessment Plan.”

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

Defeasance

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 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 this paragraph 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 Defeased Debt. 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 Defeased Debt on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments determined by the City and described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, 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. Pursuant to current State law, Investment Securities include (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) 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 issuer 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; (iii) 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 issuer 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; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

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 Similarly Secured. Because the Indenture does not contractually limit such investments, Holders 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.

Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified above 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 Holders 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 first paragraph under this subcaption 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.

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Improvement Area #1 Assessments, including the prosecution of foreclosure proceedings, in accordance with the Indenture;
- (iii) default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and
- (iv) 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; provided, however, that the payments are to be made only from the Trust Estate.

The Trustee shall not be charged with the knowledge of (a) any events or other information, or (b) any default under the Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Immediate Remedies in Event of Default

Subject to provisions of the Indenture with respect to liability of the City, upon the happening and continuance of any of the Events of Default described above, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

Whenever moneys are to be applied upon an occurrence of an 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, specifically, in inverse order of value pursuant to a certified appraisal of real or personal property or market value of investments as set forth in the U.S. Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable 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 and manage the same, 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, and (iii) any taxes and assessments and other charges prior to the lien of the Indenture. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Holder or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided above, and shall not be liable to any Holder, or other Person, or the City by reason of such selection, liquidation, or sale.

Restriction on Holder's Actions

No Holder 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 under the Indenture, 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 it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit, or proceeding in its own name, (iii) the Holders have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right under the Indenture except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Holders 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 liability of the City, nothing in the Indenture shall affect or impair the right of any Holder 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 Holders thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

In case the Trustee or any Holders 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 Holders of Bonds Similarly Secured, then and in every such case the City, the Trustee, and the Holders 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 Default

All moneys, securities, funds, and Pledged Revenues and other assets of the Trust Estate 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 fees, costs, and expenses), 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 the provisions described above under “– Immediate Remedies in Event of Default,” 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 Holders 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 Holders entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Holders 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 or Redemption Price due and to the Holders entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of Bonds Similarly Secured pursuant to the Indenture within thirty (30) days of receipt of such good and available funds, the record date shall be the date the Trustee received such good and available funds.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds 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 in the Indenture, 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 of the Reserve Fund, 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, upon which the Trustee may conclusively rely without investigation or inquiry, 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 is hereby directed to invest and re-invest cash balances in the Morgan Stanley, Fidelity, or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code Chapter 2256, as amended (the "PFIA"), or any successor law, and only so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

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.

Other Obligations or Other Liens; Refunding Bonds

The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from the Trust Estate or any portion thereof. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured.

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 thereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the 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 Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under the Indenture shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution, and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Notwithstanding any contrary provision of the Indenture, the City shall not issue additional bonds, notes, or other obligations under the Indenture secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than Bonds Similarly Secured or bonds or other obligations secured by and payable from Pledged Revenues unless such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured.

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SOURCES AND USES OF FUNDS *

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

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

⁽¹⁾ Includes the fee of counsel to the Underwriter.

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DEBT SERVICE REQUIREMENTS *

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

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	—	(1)	
2027		(1)	
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			
2054			
2055			
<u>Total</u>			

(1) Interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027, will be paid from amounts on deposit in the Capitalized Interest Account of the Bond Fund. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Bond Fund."

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes and assessments are payable in addition to the Improvement Area #1 Assessments.

In addition to the City, each of the County (for Farm to Market roads and other County purposes), Austin Community College District, Lockhart Independent School District (“Lockhart ISD”), Caldwell County Emergency Services District #4 (Fire), Caldwell County Emergency Services District #5 (Medical and Ambulance), Plum Creek Conservation District (for flood water and groundwater management), may levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1 of the District.

<u>Taxing Entity</u>	<u>Overlapping Taxes in Improvement Area #1</u>	
	<i>Without application of Estimated TIRZ Annual Credit Amount</i> Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾	<i>With application of Estimated TIRZ Annual Credit Amount</i> Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾
The City	\$ 0.554100	\$ 0.554100
Caldwell County	0.439000	0.439000
Caldwell County Farm to Market	0.000100	0.000100
Austin Community College District	0.103400	0.103400
Lockhart ISD	0.939600	0.939600
Caldwell County Emergency Services District #4	0.100000	0.100000
Caldwell County Emergency Services District #5	0.100000	0.100000
Plum Creek Conservation District – Flood	0.013700	0.013700
Plum Creek Conservation District – Underground	0.017000	0.017000
Total Current Tax Rate	\$2.266900	\$2.266900
Estimated Average Annual Installment of Improvement Area #1 Assessment as an Equivalent Tax Rate ⁽²⁾	\$0.932925	\$0.932925
Estimated Maximum TIRZ Credit Amount applicable to Annual Installment of Improvement Area #1 Assessment for years 2026-2035 as an Equivalent Tax Rate ⁽³⁾	—	\$0.199801
<i>Estimated Net Average Annual Installments for years 2026-2035 as an Equivalent Tax Rate</i>	\$0.932925	\$0.733124
Estimated Total Tax Rate and Average Annual Installments of Improvement Area #1 Assessment for years 2026-2035 as an Equivalent Tax Rate ⁽²⁾⁽³⁾	\$3.199825	\$3.000024

⁽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, and from lot counts and estimated buildout values provided by the Developer. Shown as an equivalent tax rate for illustration purposes only. See “THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District” and “APPENDIX C – Form of Service and Assessment Plan.”

⁽³⁾ In the TIRZ Agreement and TIRZ Project Plan, the City and the County have agreed to use TIRZ Revenues generated from each parcel or lot within the District to offset a portion of such lot’s Annual Installment of Improvement Area #1 Assessments due each year. Derived from information in the Service and Assessment Plan. See “ASSESSMENT PROCEDURES – Assessment Amounts – TIRZ Annual Credit Amount.”

Sources: Caldwell County Appraisal District and Service and Assessment Plan.

Overlapping Debt

As noted above, Improvement Area #1 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District, as of January 1, 2026, and City debt to be secured by the Improvement Area #1 Assessments:

Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of January 1, 2026</u>	<u>Estimated % Applicable ⁽¹⁾</u>	<u>Estimated Overlapping Debt ⁽¹⁾</u>
The City (Bonds)	\$ 15,837,000 ⁽²⁾	100.000%	\$15,837,000 ⁽²⁾
The City (Ad Valorem Taxes)	35,110,000	1.668%	585,491
Caldwell County	66,190,000	0.484%	320,461
Caldwell County (Farm to Market)	—	—	—
Austin Community College District	657,685,000	0.008%	50,931
Lockhart ISD	211,096,145	0.867%	1,829,240
Caldwell County ESD #4	—	—	—
Caldwell County ESD #5	—	—	—
Plum Creek Conservation District – Flood	—	—	—
Plum Creek Conservation District – Underground	—	—	—
Total	\$985,918,145		\$18,623,123

⁽¹⁾ Based on the Appraisal for Improvement Area #1 of the District and on certified valuations for the Tax Year 2025 for the taxing entities. See “APPRAISAL.”

⁽²⁾ Preliminary; subject to change.

Sources: Caldwell County Appraisal District and Municipal Advisory Council of Texas.

Homeowners’ Association Dues

In addition to the Improvement Area #1 Assessments and overlapping taxes and assessments referenced above, the Developer anticipates that each lot owner in the District will pay a property owner’s association fee annually to a homeowner’s association (the “HOA”) of approximately \$1,400 per year.

ASSESSMENT PROCEDURES

Capitalized terms used in “ASSESSMENT PROCEDURES” and not otherwise defined in the Indenture or this Limited Offering Memorandum have the meanings assigned to such terms in the Service and Assessment Plan.

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Projects through the levy of Improvement Area #1 Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 of the District to be subject to Improvement Area #1 Assessments to pay the cost therefor. The City has caused the Improvement Area #1 Assessment Roll to be prepared, which shows the Improvement Area #1 Assessed Property, the amount of the benefit to and the Improvement Area #1 Assessment against each Lot or Parcel of Improvement Area #1 Assessed Property, and the number of Annual Installments in which the Improvement Area #1 Assessment is divided. The Improvement Area #1 Assessment Roll was or will be filed with the City Secretary and made available for public inspection. Statutory notice was or will be given to the owners of the Improvement Area #1 Assessed Property and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding a portion of the same with Improvement Area #1 Assessments. The City expects to adopt the Assessment Ordinance and levy the Improvement Area #1 Assessments March 3, 2026. Upon adoption of the Assessment Ordinance, the Improvement Area #1 Assessments will become legal, valid, and binding liens upon the Improvement Area #1 Assessed Property.

Pursuant to the PID Act, the costs of the Improvement Area #1 Projects to be defrayed through the levy of Improvement Area #1 Assessments may be assessed by the City against the Improvement Area #1 Assessed Property so long as the special benefit conferred upon the Improvement Area #1 Assessed Property by the Improvement Area #1 Projects equals or exceeds the Improvement Area #1 Assessments. The costs of the Improvement Area #1 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Improvement Area #1 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 – Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Improvement Area #1 Assessed Property as a result of the Improvement Area #1 Projects, provides the basis and justification for the determination that such special benefit exceeds the amount of the Improvement Area #1 Assessments, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Projects to Parcels of Improvement Area #1 Assessed Property in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects is being funded with proceeds of the Bonds, which are payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Improvement Area #1 Projects will be allocated to the Improvement Area #1 Assessed Property by spreading the entire Improvement Area #1 Assessment across all Improvement Area #1 Assessed Property within Improvement Area #1 of the District based on the ratio of Estimated Buildout Value of each Lot Type in Improvement Area #1 to the Estimated Buildout Value of all Improvement Area #1 Assessed Property within Improvement Area #1.

The following table provides additional analysis with respect to assessment methodology, including the ratio of value to Improvement Area #1 Assessment per Lot Type, equivalent tax rate per Lot Type, and leverage per Lot Type related to the Improvement Area #1 Assessments. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

Value to Lien Analysis, Improvement Area #1 Assessment Allocation, Equivalent Tax Rate, and Leverage per Lot Type in Improvement Area #1

Lot Type	Planned No. of Lots	Estimated Finished Value per Lot Type ⁽¹⁾	Projected Average Home Value per Lot Type ⁽¹⁾	Estimated Improvement Area #1 Assessment per Lot Type	Estimated Average Annual Installment of Improvement Area #1 Assessment per Lot Type	Tax Rate Equivalent of Estimated Average Annual Installment of Improvement Area #1 Assessment per Lot Type ⁽²⁾	Estimated Ratio of Estimated Finished Value per Lot Type to Estimated Improvement Area #1 Assessment ^{(1), (2)}	Estimated Ratio of Projected Average Home Value per Lot Type to Improvement Area #1 Assessment ^{(1), (2)}
50'	414	\$77,633	\$325,000	\$38,253.62	\$3,032.01	\$0.932925	2.03 : 1	8.50 : 1

⁽¹⁾ Provided by Developer. See “THE DEVELOPMENT – Expected Build-Out and Home Prices.”

⁽²⁾ Per \$100 of home value.

Source: P3Works, LLC and information presented in the Service and Assessment Plan

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

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Improvement Area #1 Assessments on Parcels of Improvement Area #1 Assessed Property similarly benefited.

The Improvement Area #1 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 Improvement Area #1. See “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

Pursuant to 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 Improvement Area #1 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 Improvement Area #1 Assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. Pursuant to the PID Act, the Assessment Lien is a first and prior lien against the Improvement Area #1 Assessed Property, 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 covenants to collect, or cause to be collected, Improvement Area #1 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 Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each Parcel of Improvement Area #1 Assessed Property. Annual Collection Costs shall be allocated among all Parcels of Improvement Area #1 Assessed Property in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City covenants, agrees, and warrants that, for so long as any Bonds are Outstanding, it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 Assessments. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Improvement Area #1 Assessments.”

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of, the City to the owners of the Improvement Area #1 Assessed Property 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 Improvement Area #1 Assessment or the corresponding Improvement Area #1 Assessed Property. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Improvement Area #1 Assessments.”

The City will implement the basic timeline and procedures for Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

Assessment Amounts

The amounts of the Improvement Area #1 Assessments have been established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel of Improvement Area #1 Assessed Property. The Improvement Area #1 Assessments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments will be levied against the Parcels of Improvement Area #1 Assessed Property as indicated on the Improvement Area #1 Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan."

The Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds Similarly Secured, the Additional Interest, and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

If the debt service on issued and Outstanding Bonds Similarly Secured is reduced as the result of an economic refunding of the Bonds, Prepayment of Improvement Area #1 Assessments, or redemption of Bonds Similarly Secured, then there would be a corresponding reduction in the Improvement Area #1 Assessments and the Annual Installments. See "APPENDIX C – Form of Service and Assessment Plan." In such case, the reduced Improvement Area #1 Assessment and Annual Installment, as shown on the Improvement Area #1 Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by City Council.

Method of Apportionment of Improvement Area #1 Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Improvement Area #1 Assessments shall be initially allocated to the Parcels consisting of the Improvement Area #1 Assessed Property based on the ratio of the Estimated Buildout Value of each Parcel of Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Parcels of Improvement Area #1 Assessed Property.

Division Prior to Recording of Subdivision Plat. Upon the division of any Improvement Area #1 Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to the division among the newly divided Improvement Area #1 Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Improvement Area #1 Assessment for the newly divided Improvement Area #1 Assessed Property

B = the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Improvement Area #1 Assessed Property

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

The calculation of the Estimated Buildout Value of an Improvement Area #1 Assessed Property shall be performed by the Administrator based on information from the Developer, homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Improvement Area #1 Assessed Property. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Improvement Area #1 Assessments for all newly divided Improvement Area #1 Assessed Properties shall equal the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Improvement Area #1 Assessed Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Subdivision by a Recorded Subdivision Plat. Upon the subdivision of any Improvement Area #1 Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Improvement Area #1 Assessment for the newly subdivided Lot

B = the Improvement Area #1 Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Improvement Area #1 Assessments for all newly subdivided Lots shall not exceed the Improvement Area #1 Assessment for the portion of the Improvement Area #1 Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Improvement Area #1 Assessed Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Consolidation. If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Improvement Area #1 Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

TIRZ No. 1 Annual Credit Amount. Pursuant to the Development Agreement, the Service and Assessment Plan, the TIRZ Ordinance, and the TIRZ Agreement, the City and the County agreed to use TIRZ Revenues generated from each Parcel of Improvement Area #1 Assessed Property to offset the principal and interest portion of such Parcel's Improvement Area #1 Assessment. The Annual Installment of the Improvement Area #1 Assessments for each Parcel of Improvement Area #1 Assessed Property will be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to such Parcel, but in no event shall the TIRZ Annual Credit Amount exceed the \$649.35 in years 2026-2035 and \$804.63 in years 2036-2055 for each lot within Improvement Area #1. TIRZ Revenues are generated only from certain ad valorem taxes levied and collected by the City and the County on the Captured Appraised Value on the applicable Parcel in any year. Consequently, TIRZ Revenues will be generated only if the appraised value of such Parcel in any year is greater than the appraised value of such Parcel as of January 1, 2026. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount," "BONDHOLDERS' RISKS – TIRZ Annual Credit Amount and Marketing of the Development," and "APPENDIX C – Form of Service and Assessment Plan."

THE ABILITY OF THE TIRZ ANNUAL CREDIT AMOUNT TO EQUAL THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT FOR PARCELS OF IMPROVEMENT AREA #1 ASSESSED PROPERTY IS DEPENDENT ON THE ACTUAL BUILDOUT VALUE IN IMPROVEMENT AREA #1 MEETING THE PROJECTIONS FOR THE ESTIMATED BUILDOUT VALUES DESCRIBED IN THE SERVICE AND ASSESSMENT PLAN. SEE "OVERLAPPING TAXES AND DEBT," "BONDHOLDERS' RISKS – TIRZ ANNUAL CREDIT AMOUNT AND MARKETING OF THE DEVELOPMENT," AND "APPENDIX C – FORM OF SERVICE AND ASSESSMENT PLAN."

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The following table reflects the estimated allocation of Improvement Area #1 Assessments expected to be levied and collected and TIRZ Maximum Annual Credit Amount to be applied per lot type.

Improvement Area #1 Assessment and TIRZ Maximum Annual Credit Amount Allocation by Lot Type ⁽¹⁾

Lot Type	Number of Lots	Estimated Maximum Improvement Area #1 Assessment Per Lot ⁽²⁾	Estimated Average Annual Installment Per Lot	Estimated	Estimated Total Overlapping Equivalent Tax Rate Per	Estimated TIRZ Maximum Annual Credit Per Lot for Years	Estimated Net Annual Installment Per Lot for Years	Estimated	Estimated Net Total Overlapping Equivalent Tax Rate Per
				Equivalent				Area #1	
				Tax Rate				Assessment	
				of				Equivalent	
<u>Lot Type</u>	<u>Lots</u>	<u>Per Lot ⁽²⁾</u>	<u>Per Lot</u>	<u>\$100 AV ⁽³⁾</u>	<u>\$100 AV ⁽⁴⁾</u>	<u>2026-2035 ⁽⁵⁾</u>	<u>2026-2035 ⁽⁵⁾</u>	<u>\$100 AV ⁽⁵⁾</u>	<u>\$100 AV ⁽⁶⁾</u>
50'	414	\$38,253.62	\$3,032.01	\$0.932925	\$3.199825	\$649.35	\$2,382.66	\$0.733124	\$3.000024

⁽¹⁾ Preliminary; subject to change. Derived from information in the Service and Assessment Plan. Includes the Improvement Area #1 Assessments securing the Bonds.

⁽²⁾ Pursuant to the Service and Assessment Plan, "Maximum Improvement Area #1 Assessment" means, for each Lot Type within Improvement Area #1, the amount shown on Exhibit G-1 to the Service and Assessment Plan.

⁽³⁾ Estimated equivalent tax rate of the Improvement Area #1 Assessments only. Based on Estimated Buildout Values provided by the Developer. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes," "THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District," and "APPENDIX C – Form of Service and Assessment Plan."

⁽⁴⁾ Total equivalent tax rate of the Improvement Area #1 Assessments and the ad valorem tax rates for the City and other overlapping tax entities. Based on Estimated Buildout Values provided by the Developer. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

⁽⁵⁾ For illustration purposes only. The Annual Installment of Improvement Area #1 Assessments for each Parcel of Improvement Area #1 Assessed Property will be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to such Parcel, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED – Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount," but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount. The ability of the TIRZ Annual Credit Amount to equal the TIRZ Maximum Annual Credit Amount is dependent on the actual buildout value in Improvement Area #1 meeting the projections for the Estimated Buildout Value per Lot. There is no guarantee that there will be sufficient TIRZ Revenues to generate the TIRZ Maximum Annual Credit Amount. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

⁽⁶⁾ For illustration purposes only. Represents the total estimated equivalent tax rate of the estimated average Annual Installment of Improvement Area #1 Assessments, less the TIRZ Maximum Annual Credit, plus the ad valorem tax rates for the City and other overlapping taxing entities. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

Source: P3Works, LLC and information presented in the Service and Assessment Plan

The Bonds are payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments. TIRZ Revenues do not secure repayment of the Bonds. See "SECURITY FOR THE BONDS SIMILARLY SECURED" and "APPENDIX C – Form of Service and Assessment Plan."

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Improvement Area #1 Assessed Property may voluntarily prepay (a "Prepayment"), at any time, all or part of an Improvement Area #1 Assessment levied against such owner's Improvement Area #1 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 Improvement Area #1 Assessment are not to be considered a Prepayment but rather are to be treated as payment of regularly scheduled Improvement Area #1 Assessments.

Priority of Lien

The Improvement Area #1 Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the Improvement Area #1 Assessed Property, 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 Improvement Area #1 Assessed Property regardless of whether the owners are named. The lien is effective from the date of adoption of the Assessment Ordinance until the Improvement Area #1 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 Improvement Area #1 Assessed Property may pay the entire Improvement Area #1 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 Improvement Area #1 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 Annual Installment or Annual Installments of an Improvement Area #1 Assessment will be subject to the lien established for remaining unpaid installments of the Improvement Area #1 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 Improvement Area #1 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 Holders of the Bonds Similarly Secured, including 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 Similarly Secured, including 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 Improvement Area #1 Assessment on the corresponding Improvement Area #1 Assessed Property.

In the Indenture, the City covenants to take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 Assessments, provided that the City is not required to expend any funds for collection and enforcement of Improvement Area #1 Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See "APPENDIX B – Form of Indenture." See also "APPENDIX E-1 – Form of Disclosure Agreement of Issuer" for a description of the expected timing of certain events with respect to collection of the delinquent Improvement Area #1 Assessments.

The Delinquency and Prepayment Reserve Account of the Reserve Fund will be funded 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 SIMILARLY SECURED – Reserve Fund," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

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THE CITY

Background

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

The City provides the following primary services: police protection, emergency medical services, public works, street maintenance, parks, library and utility (water, sewer and garbage) service.

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and the City's Home Rule Charter. The City's Home Rule Charter was approved by voters in 1973 and last amended at an election held in November 2024. The City operates under a Manager-Council form of government with a City Council comprised of the Mayor and six Councilmembers elected for staggered three-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer of the City.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof.

General information regarding the City and the surrounding area can be found in "APPENDIX A – General Information Regarding the City and Surrounding Area."

Water and Wastewater

The City will provide water and sewer services to the District. The City owns and maintains its own water treatment system. The City's existing water wells have a firm capacity of 3.43 million gallons per day ("MGD"); receives up to 3,000 acre-feet of treated water, equivalent to 2.67 MGD, from the Carrizo Groundwater Supply Project; and receives an additional 1 MGD of treated surface water from the City of Luling, for a total existing treated supply capacity of 7.1 MGD.

The City owns and maintains its own water distribution system. The Developer constructed connections to two 12-inch diameter water taps on FM 1322 and constructed 8-inch and 12-inch distribution system water mains throughout the subdivision to provide sufficient looping of the system.

The City owns and maintains its own wastewater treatment system consisting of two wastewater treatment plants. Wastewater Treatment Plant ("WWTP") No. 1 (Larremore Plant) has a design capacity of 1.1 MGD and a peak capacity of 4.0 MGD. WWTP No. 2 (FM 20 Plant) has a design capacity of 1.5 MGD and a peak capacity of 4.5 MGD. The combined capacity design of both plants is 2.6 MGD with a peak capacity of 8.5 MGD. Whenever flow measurements for any domestic sewage treatment facility reach 75% of the permitted daily average or annual average flow for three consecutive months, the permittee must initiate engineering and financial planning for expansion. Whenever flow reaches 90% of the permitted daily or annual average flow for three consecutive months, the permittee must obtain necessary authorization to commence construction. Both WWTPs have been operating below the triggering thresholds.

The City owns and maintains its own wastewater collection system. The Developer installed a Regional Wastewater Lift Station that is designed to handle the wastewater of the entire Development and can be expanded to serve areas beyond the Development. The Regional Wastewater Lift Station discharges into a 14" force main that connects to the City's gravity wastewater system at Blackjack Street (FM 20).

The City engineer analyzed the Development and coordinated with the Developer's engineering team and

the City Public Works Director to review the feasibility and design related to water and sanitary sewer service to the Development. In August 2024, the City adopted its Water and Wastewater (“W/WW”) Master Plan to ensure the City’s water and wastewater systems maintain compliance with local and state regulations. The W/WW Master Plan is a planning tool for system improvements for anticipated growth. See “THE DEVELOPMENT – Utilities.”

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 public improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on October 15, 2024 (the “Creation Resolution”), for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-v.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake or reimburse a property owner or developer for the costs of the financing, acquisition, construction or improvement of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition, or purchase of the Improvement Area #1 Projects 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 the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments. See “ASSESSMENT PROCEDURES,” “THE IMPROVEMENT AREA #1 PROJECTS,” and “APPENDIX C – Form of Service and Assessment Plan.”

THE IMPROVEMENT AREA #1 PROJECTS

General

The Developer is responsible for the construction, acquisition or purchase of the Improvement Area #1 Projects, and the Developer or its designee will act as construction manager. A portion of the costs of the Improvement Area #1 Projects is being funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects has been or will be paid by the Developer, without reimbursement by the City. See “APPENDIX C – Form of Service and Assessment Plan.”

Improvement Area #1 Projects

The Improvement Area #1 Projects consist of the Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements, both described below.

Improvement Area #1 Improvements

Roadway Improvements. The roadway improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, sidewalks, barricades,

traffic control, platting, staking, and streetlights. All related signage, lighting, excavation, embankment, erosion controls, and re-vegetation of all disturbed areas within the right-of-way are included. The roadway improvements will provide benefit to each Lot within Improvement Area #1.

Water Improvements. The water improvements include trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

Wastewater Improvements. The wastewater improvements include trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

Drainage Improvements. The storm improvements include earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

Soft Costs. Costs relating to designing, constructing, and installing the Improvement Area #1 Improvements, including land planning and design, City fees, inspection fees, engineering, material testing, surveying, and contingency.

Major Improvements

Roadway Improvements. The roadway improvements include (i) subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the Seawillow Phase 1 Collector right-of-way, and (ii) improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way directly related to facilitating the left turn lane within FM 1322. The roadway improvements will provide benefit to each Lot within the District.

Water Improvements. The water improvements include (i) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under the Seawillow Phase 1 Collector, and (ii) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under FM 1322. The water improvements will provide benefit to all Lots within the District.

Drainage Improvements. The wastewater improvements include (i) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to facilitate the proposed construction of the wastewater gravity line to the lift station, (ii) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring and testing for the construction of the force main between the regional lift station and the connection to the existing city sanitary sewer system on Black Jack Road, and (iii) wet well, pumps, driveway construction, related earthwork, excavation, erosion control and all necessary appurtenances required to construct the regional lift station. The wastewater improvements will provide benefit to all Lots within the District.

Soft Costs. Costs related to District Formation and designing, constructing, and installing the Major Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees that are not direct construction costs.

The following table reflects the component and total costs of the Improvement Area #1 Projects. ⁽¹⁾

	Improvement Area #1	Improvement Area #1's allocable share of Major	Improvement
	<u>Improvements</u>	<u>Improvements</u>	<u>Area #1 Projects</u>
Roadway	\$4,694,453	\$ 368,122	\$ 5,062,575
Water	1,514,167	81,522	1,595,689
Wastewater	1,905,972	729,702	2,635,674
Drainage	4,940,085	—	4,940,086
District Formation	—	286,765	286,765
Soft Costs	<u>2,247,632</u>	<u>290,005</u>	<u>2,537,637</u>
Total	\$15,302,309	\$1,756,116	\$17,058,425

⁽¹⁾ Derived from the Service and Assessment Plan. Totals may not sum correctly due to rounding. See "APPENDIX C – Form of Service and Assessment Plan."

The total cost of the Improvement Area #1 Projects is expected to be approximately \$17,058,425. A portion of the proceeds of the Bonds in the approximate amount of \$12,063,613* is expected to be used to reimburse the Developer for costs of the Improvement Area #1 Projects. The balance of such costs in the approximate amount of \$4,994,812* will be financed by the Developer, without reimbursement by the City. As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements and approximately \$2,013,100 on the Major Improvements using proceeds of the Construction Loan, the Earnest Money, and additional earnest money received by the Developer, as more particularly described under "THE DEVELOPMENT – Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1." See "THE DEVELOPER – History and Financing of the District."

Ownership and Maintenance of Improvement Area #1 Projects

The Improvement Area #1 Projects will be dedicated to and accepted by the City and will constitute a portion of the City's infrastructure improvements. Upon and after dedication, the City will provide for the ongoing maintenance and repair of the Improvement Area #1 Projects. See "THE CITY – Water and Wastewater."

THE DEVELOPMENT

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

Overview

The Developer purchased approximately 89.769 acres on August 31, 2021, such acreage comprising Improvement Area #1 of the District. On September 30, 2024, the MIA Lot Developer purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area. Red Oak, an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also "THE DEVELOPER."

The Development consists of approximately 588.547 acres in the corporate boundaries and extra-territorial jurisdiction of the City. The Development is being developed in eight phases as a master planned development to

* Preliminary, subject to change.

include approximately 2,332 single-family detached residential lots consisting of 40', 45', 50', 60', and 70' front footage lots; up to 95 single-family attached 25' townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8' wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district. See the concept plan on page v.

Development Plan

The Developer is constructing the Improvement Area #1 Improvements and the Major Improvements. Proceeds of the Bonds will be used to pay a portion of the costs of the Improvement Area #1 Projects. See "THE IMPROVEMENT AREA #1 PROJECTS."

Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50' front footage lots. The Developer is constructing the Improvement Area #1 Improvements in two phases, consisting of 203 lots in Phase 1 and 211 lots in Phase 2. The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026.

The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements.

Expected Lot Buildout and Absorption and Home Prices in the District

The following tables reflect the Developer's expectations with respect to lot buildout and absorption timing and lot and home prices, respectively, in the District.

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Expected Buildout and Absorption of Lots in the District

	<u>Lot Size</u>	<u>Number of Lots</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Expected Initial Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Final Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Initial Sale Date of Single-Family Homes to Homeowners</u>
<u>Improvement Area #1</u>						
Phase 1	50'	203	January 2026	February 2026	February 2027	July 2026
Phase 2	50'	<u>211</u>	June 2026	June 2026	December 2029	December 2026
		414				
<u>Improvement Area #2</u>	25'	47	June 2027	July 2027	December 2029	September 2027
	35'	97				
	40'	100				
	45'	<u>70</u>				
		314				
<u>Improvement Area #3</u>	25'	47	September 2028	October 2028	September 2030	July 2029
	35'	105				
	40'	100				
	45'	<u>62</u>				
		314				
<u>Improvement Area #4</u>	35'	93	June 2030	July 2030	October 2032	November 2030
	40'	131				
	45'	76				
	50'	15				
	60'	5				
	70'	<u>5</u>				
		325				
<u>Improvement Area #5</u>	40'	80	September 2031	October 2031	September 2033	April 2032
	45'	52				
	50'	118				
	60'	15				
	70'	<u>5</u>				
		270				
<u>Improvement Area #6</u>	40'	91	December 2032	January 2033	September 2034	May 2033
	45'	37				
	50'	115				
	60'	20				
	70'	<u>7</u>				
		270				
<u>Improvement Area #7</u>	40'	42	June 2033	July 2033	September 2035	December 2033
	45'	25				
	50'	130				
	60'	15				
	70'	<u>8</u>				
		220				
<u>Improvement Area #8</u>	40'	21	June 2034	July 2034	September 2036	December 2034
	45'	28				
	50'	131				
	60'	15				
	70'	<u>10</u>				
		205				
		<u>2,332</u>				

Expected Lot and Home Prices in the District

	<u>Lot Type</u>	<u>Number of Lots</u>	<u>Expected Lot Prices</u>	<u>Expected Home Prices</u>
<u>Improvement Area #1</u>	50' Detached	414	\$65,000 - \$72,500 ⁽¹⁾	\$325,000
<u>Improvement Area #2</u>	25' Townhome	47	\$52,500	\$278,000
	35' Alley	97	\$65,000	\$290,000
	40' Alley	100	\$72,000	\$310,000
	45' Alley	<u>70</u>	\$75,000	\$325,000
		314		
<u>Improvement Area #3</u>	25' Townhome	47	\$55,000	\$285,000
	35' Alley	105	\$69,000	\$345,000
	40' Alley	100	\$77,000	\$385,000
	45' Alley	<u>62</u>	\$80,000	\$400,000
		314		
<u>Improvement Area #4</u>	35' Alley	93	\$79,000	\$395,000
	40' Alley	131	\$88,000	\$440,000
	45' Alley	76	\$90,000	\$450,000
	50' Detached	15	\$106,000	\$530,000
	60' Detached	5	\$137,000	\$685,000
	70' Detached	<u>5</u>	\$145,000	\$725,000
		325		
<u>Improvement Area #5</u>	40' Alley	80	\$94,000	\$470,000
	45' Alley	52	\$96,000	\$485,000
	50' Detached	118	\$120,000	\$600,000
	60' Detached	15	\$140,000	\$705,000
	70' Detached	<u>5</u>	\$154,000	\$765,000
		270		
<u>Improvement Area #6</u>	40' Alley	91	\$100,000	\$500,000
	45' Alley	37	\$102,000	\$505,000
	50' Detached	115	\$130,000	\$650,000
	60' Detached	20	\$144,000	\$725,000
	70' Detached	<u>7</u>	\$158,000	\$795,000
		270		
<u>Improvement Area #7</u>	40' Alley	42	\$115,000	\$575,000
	45' Alley	25	\$121,000	\$585,000
	50' Detached	130	\$139,000	\$695,000
	60' Detached	15	\$147,000	\$740,000
	70' Detached	<u>8</u>	\$162,000	\$830,000
		220		
<u>Improvement Area #8</u>	40' Alley	21	\$120,000	\$575,000
	45' Alley	28	\$125,000	\$595,000
	50' Detached	131	\$144,000	\$710,000
	60' Detached	15	\$150,000	\$755,000
	70' Detached	<u>10</u>	\$167,000	\$860,000
		205		
		<u>2,332</u>		

⁽¹⁾ Excludes contractual price escalations.

The Amenities and Private Improvements

In addition to the Improvement Area #1 Improvements and the Major Improvements, the Developer will construct the Private Improvements and the Amenities. The Private Improvements include lot excavation, electrical improvements, construction material testing, developer fees, geotechnical reports, landscape, irrigation, entries, and the private allocation of the Phase 1 turn lane (6.28%). The “Amenities” include an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces, approximately 2,500 linear feet of 8’ concrete hike and bike trails (both to be completed in the third phase of development), playgrounds, a splash pad, open space, creek bed, and parks. See “– Development Agreement.”

The Amenities (defined herein) and storm water detention ponds and related facilities, entries and signage, open spaces, common areas, right-of-way irrigation and landscaping, screening walls, and exterior fencing will be owned, operated, and maintained by the HOA. See “OVERLAPPING TAXES AND DEBT – Homeowners’ Association Dues.”

Future Improvement Areas and Future Improvement Area Obligations

The Developer expects to request that the City issue Future Improvement Area Obligations to finance the costs of public improvements within the Future Improvement Areas of the District as the development proceeds. The Future Improvement Area Obligations, if any, will be secured by separate assessments, separate and distinct from the Improvement Area #1 Assessments, levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas that benefit from the public improvements being financed.

Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1

The Developer has entered into the Hakes Bros LOI and the Lot Purchase Agreements with the Homebuilders for 290 of the planned 414 Lots within Improvement Area #1. The Developer is continuing to negotiate additional contracts for lots in Improvement Area #1.

The following table shows the lot price and takedown information of each Lot Purchase Agreement and the Hakes Bros LOI.

<u>Homebuilder</u>	<u>Lot Price</u>	<u>Totals # of Lots</u>	<u>Initial Takedown</u>	<u>Takedown Schedule</u>
CastleRock	\$72,500 (7.5% escalator)	110	30	• 30 lots w/in 20 business days of lot completion • 20 lots every 90 days thereafter
Adams	\$72,500 (6% escalator)	115	30	• 25 lots w/in 30 days of lot completion • 13 lots w/in 90 days of initial closing • 12 lots w/in 90 days of second closing • 15 lots w/in 90 days of third closing • 15 lots w/in 90 days of fourth closing • 15 lots w/in 90 days of fifth closing • All remaining lots w/in 90 days of sixth closing
Hakes Bros.	\$67,500 (7% escalator)	<u>65</u>	12	• 12 lots w/in 15 days of (i) substantial completion of Phase 1, (ii) City acceptance, and (iii) expiration of the Feasibility Period • 6 lots every 90 days thereafter
Total Under Contract		290		

CastleRock has deposited \$1,171,275 in earnest money (the “Earnest Money”), all of which is hard and will be credited against lot purchases under its Lot Purchase Agreement.

The Adams Lot Purchase Agreement provides that Adams will (1) deposit an initial earnest money deposit of \$1,000, and (2) will deposit an additional \$999,000 upon the expiration of the feasibility period of such Lot Purchase Agreement if Adams continues with such contract. Pursuant to the terms of the Adams Lot Purchase Agreement, such earnest money will be released to the Developer upon certain conditions, including, among other things, the execution of a subordination agreement and a performance deed of trust, approved construction plans, and acquisition of all offsite easements. [The feasibility period under the Adams Lot Purchase Agreement continues until February __, 2026.] **No assurance can be given that Adams will continue with its contract or release its earnest money.**

Pursuant to the Hakes Bros LOI, Hakes Bros. is expected to deposit a total of \$438,750 in earnest money, with \$10,000 due within five business days of mutual execution of a definitive contract and \$428,750 due within five business days of delivery by Hakes Bros. or the continuation notice prior to expiration of the feasibility period. The Hakes Bros LOI specifies that any definitive contract shall have a feasibility period of 45 days from mutual execution of such definitive contract. No assurance can be given that Hakes Bros. will proceed to a definitive contract.

The Developer previously executed a lot purchase agreement with DFH Coventry, LLC (“Dreamfinders”). Dreamfinders has since terminated its contract for lots in Improvement Area #1 of the Development. Dreamfinders previously deposited \$1,065,750 in earnest money pursuant to its lot purchase agreement, secured by a performance deed of trust. All of such earnest money was released to the Developer and used for development. Dreamfinders retains an earnest money deed of trust encumbering the land in Improvement Area #1 and retains foreclosure rights on such land until the return of its earnest money. The Developer expects to return such earnest money to Dreamfinders and obtain a release of the lien securing such earnest money on lots in Improvement Area #1 upon the release of earnest money funds from Adams.

The Developer previously executed a lot purchase agreement with Brightland Homes, Ltd. (“Brightland”). Brightland has since terminated its contract for lots in Improvement Area #1 of the Development. Brightland previously deposited \$1,042,000 in earnest money pursuant to its lot purchase and sale agreement, secured by a performance deed of trust. A portion of such earnest money (\$498,500) remains in escrow and a portion (\$543,500) was released to the Developer. Brightland retains an earnest money deed of trust encumbering the land in Improvement Area #1 and retains foreclosure rights on such land until the return of its earnest money. The Developer expects that the portion of Brightland’s earnest money in escrow and the portion of Brightland’s earnest money which has been released to the Developer will be repaid or returned to Brightland pro rata and the lien from Brightland’s earnest money deed of trust will be released on lots sold to the Homebuilders at the closing of such lots through funds provided at each lot closing.

Development Agreement

The City and the MIA Lot Developer entered into the Development Agreement which sets forth, among other things, (i) the agreement to construct the Improvement Area #1 Improvements and the Major Improvements within the District in accordance with the construction standards set forth therein, (ii) the ownership, operation, and maintenance of the Improvement Area #1 Improvements and the Major Improvements, and (iii) the reimbursement to the MIA Lot Developer or its affiliates, including the Developer, for the costs to construct the Authorized Improvements in the District in an amount not to exceed \$150,000,000 from proceeds of PID Bonds (defined therein). See “APPENDIX F – Development Agreement.”

The Development Agreement requires that the issuance of any PID Bonds is subject to the following conditions:

- For PID Bonds issued to fund construction of public improvements in Improvement Area #1, which may include a pro-rata portion of the Major Improvements benefitting such improvement area, a minimum value to lien ratio of 2:1 based on the anticipated final lot values as provided in a third-party appraisal;

- For PID Bonds issued to fund construction of Major Improvements and local improvements in phases subsequent to Improvement Area #1, a minimum value to lien ratio of 3:1 based on the anticipated final lot values as provided in a third-party appraisal;
- A maximum tax rate equivalent of Assessments, including the Improvement Area #1 Assessments, taking into account the TIRZ Annual Credit Amount, of \$1.25 per \$100 of assessed valuation assuming the Estimated Buildout Value of the applicable parcels; and
- A maximum maturity date of 35 years.

The City also agrees in the Development Agreement to the following:

- Create the TIRZ and contribute (i) twenty three percent (23%) of the City ad valorem tax increment generated within the TIRZ in years 2026-2035 and twenty-eight and one half percent (28.5%) of the City ad valorem tax increment generated within the TIRZ in years 2036-2065 within each phase (the “City Tax Increment”), whether the Initial Phase or any Subsequent Phase, for which an Assessment for local or zone improvements has been levied for such phase within thirty (30) years in the TIRZ to offset special assessments.
- Provide a maximum of 2,786 living unit equivalents, which is an average daily flow of 200 gallons per day for water and 200 gallons per day for wastewater, of water and wastewater capacity to the Development.
- Expand the City’s Certificate of Convenience and Necessity (“CCN”) for water and wastewater to include the entire Development, including obtaining approval from the Texas Public Utility Commission by December 31, 2027, for the additional 141 acres owned by the MIA Lot Developer and not located within Improvement Area #1, and by December 31, 2031, for the remaining property in the District.
- None of Developer funds, PID funds, or TIRZ funds shall be used to pay the costs of any oversizing of public improvements.

The Development Agreement obligates the Developer to the following:

- Pay Aqua for release of its CCN in the estimated amount of \$4,815,701.59 due upon the PUC’s adoption of an order granting the transfer application and expiration of the time for any appeals.
- Reimburse the City for actual costs for legal and engineering to obtain PUC approval.
- Dedicate approximately 71.59 acres to the City for parks and community facilities, including a school site. The Developer has dedicated approximately 25 acres to Lockhart ISD.
- Construct approximately 2,500 linear feet of 8’ concrete hike and bike trails in the third phase of development.
- Construct seven half-acre pocket parks with approximately \$100,000 of improvements in each, including a minimum of six parking spaces.
- In the third phase of development, construct an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces;
- Construct storm water detention facilities so that they can provide recreational opportunities.

- Dedicate approximately 3 acres to the City for public safety or other City purposes other than water or sewer treatment.
- Pay \$5,000,000 to the City as a contribution toward costs of certain off-site Authorized Improvements and compensation for the District's consumption of existing capacity in the City's wastewater treatment plant, \$450,000 payable prior to final plat of phase 2, and \$4,550,000 payable prior to final plat for phase 3 of the Development, such payment to be credited against wastewater impact fees owed by the MIA Lot Developer or future builders.
- Pay not more than \$6,383,000 to the City as a contribution to the cost of design and construction of a 1-million-gallon elevated water storage tank and compensation for the District's consumption of existing capacity in the City's water treatment plant, \$600,000 payable prior to final plat of phase 2, and \$5,783,000 prior to final plat of phase 3 of the Development.
- Contribute 15% of the cost to design and construct the expansion and replacement of 13,700 linear feet of 21" sewer line, estimated cost to the Developer of \$1,567,620. The expansion and replacement are expected to occur in Phase 4 or Phase 5 of the Development.
- Provide the City with a tract to accommodate the location, construction, and operation of a minimum 1 million water storage tank. See the Concept Plan on page v for the expected location of such tract in "Phase 2."
- Provide the City with access easements to mutually acceptable sites within the Development for test wells and permanent easements for a maximum of three producing groundwater wells, such sites not to alter Concept Plan.

The following table from the Development Agreement shows the responsibilities for payment of costs of various public improvements, some of which are not eligible to be funded through the District. See "APPENDIX F – Development Agreement."

Infrastructure Item	Construction Responsibility	Cost Responsibility
Exhibit J - Water		
Elevated storage tank	City	Developer contributes \$ 6.383 million as described in Section 7.1(b);
Phase 1 Collector to water tank	Developer	Developer (PID funded/Developer dollars)
Phase 1 Extend 12" watermain on FM1322	Developer	Developer (PID funded/Developer dollars)
Exhibit K - Wastewater		
Treatment Plant Expansion	City	Developer contributes \$5 million as described in Section 7.1(a); remaining costs are City expense
Upsizing of 21" existing Gravity Sewer Interceptor	City	City to upsize with City funds provided that Developer will contribute 15% of the overall cost of such interceptor as described in Section 7.2(d)
Phase 1 Connect Force main to Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Sanitary Force main	Developer	Developer (PID funded/Developer dollars)
Phase 2 Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 12" Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Regional Lift Station	Developer	Developer (PID funded/Developer dollars)
Exhibit L1 – Off-site Roadway		
All items	Developer	Developer (PID funded/Developer dollars)

Photographs of the District

Photographs of the District are included in "APPENDIX H – Photographs of the District."

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of Improvement Area #1 of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City. The development of the property in the Major Improvement Area will be governed by the concept plan for the District and the Development Agreement. See the concept plan on page v.

Education

The District is located within Lockhart ISD. Lockhart ISD operates one early education center, six elementary schools, one junior high school, and two high schools. Students within the District are expected to attend Navarro Elementary School (approximately 3 miles from the District), Lockhart Junior High School (approximately 5 miles from the District), and either Lockhart High School (approximately 3 miles from the District) or Lockhart Pride High School (approximately 3.5 miles from the District). Lockhart ISD will construct a junior high school within the District which is expected to open to students in fall 2027.

GreatSchools.org rates Navarro Elementary School 4 out of 10, Lockhart Junior High School 4 out of 10, Lockhart High School 3 out of 10, and Lockhart Pride High School 2 out of 10. According to the Texas Education Agency accountability reports for the 2024-2025 school year, Lockhart ISD and Navarro Elementary School were rated "D" and Lockhart Junior High School, Lockhart High School, and Lockhart Pride High School were rated "C." (The categories for public school districts and public schools are A, B, C, D or F).

Environmental

Site Evaluation. A Phase I Environmental Site Assessment (the "IA#1 ESA") of the property within Improvement Area #1 of the District, dated April 13, 2022, was delivered by KJ Environmental Management, Inc. The IA#1 ESA did not reveal any evidence of recognized environmental conditions (historical or controlled) in connection with the land within Improvement Area #1 of the District.

A Phase I Environmental Site Assessment ("Additional Property ESA") of approximately 515.54 acres, including the property within the Major Improvement Area of the District, dated July 31, 2023, was delivered by ECS Southwest, LLP. The Additional Property ESA did not reveal any evidence of recognized environmental conditions (historical or controlled) in connection with the subject property, which includes the land in the Major Improvement Area.

Endangered and Threatened Species. According to the website for the Texas Parks and Wildlife Department, the following land-based endangered and threatened species are known or believed to occur in Caldwell County:

Endangered: *amphibians:* Texas blind salamander, Houston toad; *birds:* whooping crane, interior least tern; *fish:* fountain darter; *mollusks:* Guadalupe orb, false spike.

Threatened: *amphibians:* San Marcos Salamander; *birds:* white-faced ibis, wood stork, swallow-tailed kite, black rail, piping plover, rufa red knot, yellow-billed cuckoo; *fish:* headwater catfish, Guadalupe darter; *reptiles:* Cagle's map turtle, Texas horned lizard.

The Developer is not aware of any endangered or threatened species located on District property.

Traffic Impact Analysis

A Traffic Impact Study related to the development of Improvement Area #1 of the District, dated August 2023, was performed by Dougherty Engineering Group, PLLC. Such study recommended construction of four 700' left-turn lanes and one 180' right-turn lane, all of which the Developer has constructed or is constructing.

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

There are certain mineral rights reservations of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. The Developer is not aware of any ongoing mineral rights development or exploration adjacent to the District.

While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Additionally, any drilling within the City limits must comply with Chapter 38 of the City’s Code of Ordinances, including the requirement to obtain a permit and certain required setbacks from residences, schools, and other facilities. The property within Improvement Area #1 is within the City limits. Property within the Major Improvement Area is expected to be annexed into the City limits in phases as development progresses.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Third-Party Property Rights.”

Flood Plain

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains. See “BONDHOLDERS’ RISKS – Flood Plains.”

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the District. See “THE CITY – Water and Wastewater.”

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Cable/Data	Centric Fiber
Electric	Bluebonnet Electronic Cooperative
Gas	Centric

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 data and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by 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 Developer

ROED Prop Co LLC, a Texas limited liability company, is the Developer in Improvement Area #1. Red Oak is the manager of the Developer with 100% of the voting rights. Tom Staub is the manager of Red Oak.

Red Oak is also the majority member of the general partner of the MIA Lot Developer, which general partner has 100% of the voting rights with respect to the MIA Lot Developer.

The Developer was created for the purpose of managing and conveying the property within Improvement Area #1 to third parties. The Developer will have no source of funds with which to pay Improvement Area #1 Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within Improvement Area #1 of the District or funds advanced to the Developer by an affiliated party.

Examples of projects undertaken by Red Oak include the following:

Name of Project	Location	Description	Status of Development
Pepper Creek Crossing	Temple, Texas	Single Family Residential	Development complete
The Johnson	Cleveland, Ohio	Class B Apartments	Development complete
Honeysuckle Phase 1 and 2	Williams, Arizona	Single Family Residential	Development complete
Meadowview Estates	Luling, Texas	Single Family Residential	Development complete
Sherman 50	Sherman, Texas	Single Family Residential	Development complete
Georgetown Commercial	Georgetown, Texas	Commercial pad-site development	Development complete
Cedar Ridge Townhomes	Arlington, Texas	Class B Multifamily	Development complete
Mesquite Cartwright Medical Office Building	Mesquite, Texas	Multi-Tenant Medical Office	Development complete
Royal Sienna	Missouri City, Texas	Class A Luxury Multifamily	Development complete
The Lakes at Renaissance	Austin, Texas	Class B Multifamily	Development complete
Temple Flex Industrial	Temple, Texas	Flex Industrial	In entitlements
Prairie Lea	Caldwell County, Texas	Single Family Residential	In entitlements
The Gristmill	Caldwell County, Texas	Single Family Residential	In entitlements
Seguin 80	Seguin, Texas	Single Family Residential	In entitlements
Dale 25	Dale, Texas	Single Family Residential	Development complete
Pinehaven	Flagstaff, Arizona	Residential (condos and townhomes)	In entitlements

Executive Biographies of Principals of the Developer

Tom Staub. Tom Staub is the Chief Executive Officer of Red Oak. As CEO, Tom oversees the underwriting of projects, financial planning, debt and equity strategy, company growth and mission, and is focused on the viability of projects, partnerships, and land use strategy.

David Teo. David Teo is a partner at Red Oak. He oversees capital strategy which includes structuring project capital stack, compliance, and investor management. David is also responsible for developing strategic partnerships with commercial developers and businesses to development commercial products within Red Oak's master planned communities.

Mike Miller. Mike Miller is Executive Vice President of Real Estate and Community Development at Red Oak. Mike oversees builder partnerships and negotiations, commercial partnership executions, homeowners' association formation and execution, homeowners' association covenants, conditions, and restrictions and architectural standard compliance, construction partnerships and negotiations, and land acquisition feasibility and underwriting. Prior to joining Red Oak, Mike was Senior Vice President of the Land Division at the Signorelli Company, one of Houston's largest land development companies, overseeing the master planned community division. Prior to Signorelli, Mike was Vice President at Ashlar Development, held roles in land acquisition for Taylor Morrison and CalAtlantic Homes. Mike has a Master's Degree in Real Estate Development from Texas A&M University.

History and Financing of the District

Acquisition of Land Within the District. The Developer purchased approximately 89.775 acres constituting Improvement Area #1 in August 2021 using investor funds and proceeds from a loan in the principal amount of \$2,800,000 from Loan Ranger Capital Investments REIT, LLC (the "Acquisition Loan"). The Acquisition Loan was refinanced by the Construction Loan (defined below).

The MIA Lot Developer purchased approximately 141.2 acres within the Major Improvement Area in September 2024 using a loan from Capstone Fund, LLC in the original principal amount of \$6,300,000 (the "Capstone Loan"). The Capstone Loan is secured by the 141.2 acres owned by the MIA Lot Developer in the Major Improvement Area of the District and additional land owned by a Red Oak affiliate. Red Oak is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 175 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 182 acres to be purchased by July 2029. As of January 1, 2026, the Capstone Loan is currently outstanding in the amount of \$6,300,000.

Improvement Area #1 Improvements and Major Improvements Construction Financing. The Developer obtained a construction loan (the "Construction Loan") in the principal amount of \$23,800,000 in October 2024 from Techo Funding, LLC, a Delaware limited liability company. The Construction Loan is secured by a deed of trust on all real property in Improvement Area #1 of the District. The Construction Loan matures on May 1, 2027. As of January 1, 2026, the outstanding balance of the Construction Loan is \$16,484,789.34.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the development of the District, the Developer has 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 Improvement Area #1 Assessments securing the Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Improvement Area #1 Assessments is listed in the following table and more fully described above.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Amount	Outstanding Balance
Dreamfinders, CastleRock, Brightland ⁽¹⁾	Cash	earnest money	Performance Deeds of Trust ("PDOT") on land in Improvement Area #1	subordinate	\$3,279,025	\$3,279,025
Techo Funding, LLC	Promissory Note	Construction Loan	Deed of Trust on land in Improvement Area #1	subordinate	\$23,800,000	\$16,484,789.34
Total Outstanding Balance of Equity and Loans Secured by a Subordinate Lien Against Real Property within Improvement Area #1 of the District as of January 1, 2026:						\$19,763,814.34

⁽¹⁾ See "THE DEVELOPMENT – Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1."

The PID Act provides that the Assessment Lien is a first and prior lien against the Improvement Area #1 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 prior to delivery of the Bonds, Techo Funding, LLC, will acknowledge the creation of the District, the levy of the Improvement Area #1 Assessments, and the subordination of the liens securing the Construction Loan to the Assessment Lien. As provided by the PID Act and acknowledged by Techo Funding, LLC, the Assessment Lien will have priority over the liens on the property within Improvement Area #1 of the District securing the Construction Loan, and any other loans that may be obtained by the Developer or its affiliates.

THE ADMINISTRATOR

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

The City has selected P3Works, LLC, as the Administrator. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston, and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel identification numbers 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 public improvement costs.

APPRAISAL

General. Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report for the City dated January 27, 2026, based upon a physical inspection of the District conducted on June 30, 2025 (the "Appraisal"). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in Improvement Area #1 of the District in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value and do not address the value or benefit of the Improvement Area #1 Projects. Investors should not assume that the disposition of the lots in the District in the event of default would provide sufficient funds to pay the principal of the Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX I 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 I – Appraisal."

Value Estimates. The Appraiser estimated the "upon completion" bulk market value as of the substantial completion date of November 1, 2025, of the fee simple interest in the lots in Improvement Area #1 of the District.

The Appraisal does not reflect the value of the property within the District as if sold to a single purchaser in a single transaction. See “APPENDIX I – Appraisal.”

Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, the “upon completion” bulk market value as of November 1, 2025, of the fee simple interest of real property in Improvement Area #1 of the District, is \$32,140,000.*

None of the City, the Developer, the Financial Advisor, or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions and qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized and none of the City, the Developer, or the Underwriter make any representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City’s employees, representatives, and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions, and other matters, many of which are beyond the Appraiser’s control and the City’s control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser’s analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser’s appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser’s internal forecasts of net operating income for the properties in Improvement Area #1 of the District is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. 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.

* The Appraisal assumes that all lots within Improvement Area #1 will be complete on November 1, 2025. However, the 203 lots in Phase 1 of Improvement Area #1 were completed in January 2026, and the 211 lots in Phase 2 of Improvement Area #1 are expected to be complete in June 2026. See “THE DEVELOPMENT– Expected Lot Buildout and Absorption and Home Prices in the District.”

BONDHOLDERS' RISKS

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

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. See “– Limited Secondary Market for the Bonds.”

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. See “– No Credit Rating.”

Deemed Representations and Acknowledgment by Initial Purchasers

Each Initial Purchaser will be deemed to have acknowledged and represented to the City the matters set forth under the heading “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS' RISKS” and elsewhere herein, and each Initial Purchaser, 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 Initial Purchaser can afford a complete loss of its investment in the Bonds.

General Factors relating to Payment of the Bonds

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 of the District to pay Improvement Area #1 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions 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 Improvement Area #1 of 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 Improvement Area #1 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the land within Improvement Area #1 of the District should proceed more slowly than expected and the Developer is unable to pay the Improvement Area #1 Assessments, only the value of the Improvement Area #1 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 Improvement Area #1 of 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.

Assessment Limitations

Annual Installments of Improvement Area #1 Assessments are billed to owners of Improvement Area #1 Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as described 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 the Bonds maturing in each year, interest, Additional 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 Improvement Area #1 Assessments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Reserve Account in the Reserve Fund, 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 an Improvement Area #1 Assessed Property within the District, any Improvement Area #1 Assessment that is 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 Improvement Area #1 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #1 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #1 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 Annual Installments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future Annual Installments 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 Pre-existing Homestead Rights were properly claimed prior to the adoption of the Assessment Ordinance for as long as such Pre-existing Homestead Rights are maintained on the property. It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights are expected to have been claimed. Furthermore, the Developer is

not eligible to claim homestead rights and the Developer has represented that it will own all property within Improvement Area #1 of the District as of the date of adoption of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Improvement Area #1 Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien 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 Improvement Area #1 Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE IMPROVEMENT AREA #1 ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE 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 IMPROVEMENT AREA #1 ASSESSED PROPERTY.

Direct and Overlapping Indebtedness, Improvement Area #1 Assessments, and Taxes

The ability of an owner of Improvement Area #1 Assessed Property to pay the Improvement Area #1 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 Improvement Area #1 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1 of the District. The imposition of additional liens, whether from taxes, assessments, or for private financing, may reduce the ability or willingness of the landowners to pay the Improvement Area #1 Assessments. See “OVERLAPPING TAXES AND DEBT.”

Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account

Failure of the owners of Improvement Area #1 Assessed Property to pay the Improvement Area #1 Assessments when due could result in the rapid, total depletion of the Reserve Account and the Delinquency and Prepayment Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS SIMILARLY SECURED – 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, as described under “SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund.” The Indenture also provides that if the amount on deposit in the Delinquency and Prepayment Reserve Account shall at any time be less than the Delinquency and 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 Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that the City shall not be required to replenish the Delinquency and Prepayment Reserve Account in the event funds are transferred from the Delinquency and 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 SIMILARLY SECURED – Reserve Fund.”

Lien Foreclosure and Bankruptcy

The payment of Improvement Area #1 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessments might not be paid in full. See “OVERLAPPING TAXES AND DEBT.”

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds Similarly Secured, including the Bonds, or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of a Quarter in Interest of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds Similarly Secured 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 Similarly Secured cannot themselves foreclose on property within Improvement Area #1 of the District in order to pay the principal of and interest on the Bonds Similarly Secured. The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured further may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS – Bankruptcy Limitation to Bondholders’ Rights.”

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within Improvement Area #1 of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Improvement Area #1 Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued,” in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon

the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the Holders 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 Similarly Secured 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 (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to Holders of the Bonds Similarly Secured, including 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 Similarly Secured or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #1 of the District available to pay debt service on the Bonds Similarly Secured may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments, and Improvement Area #1 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 Similarly Secured, including the Bonds, or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the Holders of the Bonds Similarly Secured, including the Bonds, may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 ("Chapter 9"). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith

with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the Holders of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt. The City cannot predict a Bankruptcy Court's treatment of the Holders' creditor claim and whether a Holder would be repaid in full.

State Law Requiring Notice of Improvement Area #1 Assessments; Failure of Developer and Homebuilders to Deliver Required Notice Pursuant to Texas Property Code

The 87th Legislature passed HB 1543, which became effective September 1, 2021, 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 a Homebuilder does not provide the required notice and prospective purchasers of property within Improvement Area #1 of 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 Improvement Area #1 Assessments on such property may be paid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." 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 a Homebuilder does 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 Exhibit M to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX C – Form of Service and Assessment Plan."

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State, including two special sessions, ended on September 4, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

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 a Holder 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 Holders of the Bonds, depending on the progress of development of the Improvement Area #1 Assessed Property, existing real estate and financial market conditions, and other factors.

No Credit Rating

The City has not applied for or received a credit rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to their 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.

Adverse Developments Affecting the Financial Services Industry

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. In the recent past troubled financial institutions have been closed and/or swept into receivership by the Federal Deposit Insurance Corporation (“FDIC”) or acquired by or received cash rescue packages from more solvent financial institutions. Borrowers under credit agreements, letters of credit, and certain other financial instruments with any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts for an unspecified period.

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Improvement Area #1 Assessments are an imposition against the

land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Improvement Area #1 Assessments and the recourse for the failure of the Developer or any other landowner to pay the Improvement Area #1 Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract's conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money back. See "THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District."

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer, the Homebuilders, and any subsequent owners to pay the Improvement Area #1 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #1 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 Improvement Area #1 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. It is difficult to determine what effects the on-again, off-again tariffs imposed by the federal administration and retaliatory tariffs against the United States will have on inflation and mortgage interest rates. Downturns in the real estate market and other factors beyond the control of the Developer and the Homebuilders, 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 and Labor Shortages

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the Developer and the Homebuilders to estimate costs. If the Actual Costs of the Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Projects, of the Homebuilders to construct homes, or the Developer or the Homebuilders to pay the Improvement Area #1 Assessments when due. See "THE DEVELOPER – History and Financing of the District." If the cost of materials remains high or increases, it may affect the ability of the Homebuilders to construct homes within Improvement Area #1 of the District.

The federal administration's immigration policies may impact the State's workforce. Undocumented construction workers make up a large percentage of construction workers in the State. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages, particularly in construction. Labor shortages will impact the Developer's ability to estimate costs and to complete the Improvement Area #1 Projects and the Homebuilders' ability to construct homes within Improvement Area #1 of the District.

Completion of Homes

The cost and time for completion of homes by the Homebuilders is uncertain and may be affected by 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 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 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.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates may adversely affect the estimated value of Improvement Area #1 of the District, could impair the economic viability of Improvement Area #1 of the District, and could reduce the ability or desire of property owners in Improvement Area #1 of the District to pay the Improvement Area #1 Assessments.

Competition

The housing industry in the greater Austin 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 of the single-family residential development within the District which are planned will ever commence or be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or the Homebuilders in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in Improvement Area #1 of the District.

Competitive projects in the area include, but are not limited to the following:

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District</u>	<u>Developer</u>	<u>Prices</u>
Summerside	1,008	< 1 mile	Lennar	\$218k-\$355k
Centerpoint Meadows	498	5 miles	British American Development Corp.	\$249k-348k
Hartland Ranch	301	8 miles	D.R. Horton	\$388k-\$405k
Trace	1,022	25 miles	Highpointe Communities	\$255k-\$450k
Blanco Vista	2,238	20 miles	Brookfield Residential	\$324k-\$470k

Source: The Developer

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

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 Improvement Area #1 of 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 Improvement Area #1 of 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 Improvement Area #1 of 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 Improvement Area #1 of 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. These possibilities could significantly affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for discussion of the environmental site assessments performed on property within the District.

Regulation

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

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, as applicable. 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.”

Portions of the State, including the City and its surrounding area, are experiencing significant growth, which has produced and is expected to continue to produce a growing demand for water and wastewater service. The ability of the City to provide an adequate supply of water and sufficient capacity for treatment of wastewater, as applicable, is dependent on many factors, including, but not limited to, supply and demand of materials to complete necessary water and wastewater improvements, compliance with the Texas Commission on Environmental Quality regulations, the effects of extreme weather events on such entities’ water and wastewater systems, and the construction of developments competing with the District. See “THE DEVELOPMENT – Utilities,” “BONDHOLDERS’ RISKS – General Risks of Real Estate Investment and Development,” “– Risks Related to Recent Increase in Costs of Building Materials,” “– Competition,” “– Regulation,” and “– Risk from Weather Events.”

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that such growing demand may have on the City, the District, the projected buildout schedule, availability of water and wastewater service to the District or an investment in the Bonds.

Flood Plains

According to the FEMA FIRM Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains.

FEMA will from time to time revise its FIRMs. None of the City, the Underwriter, or the Developer makes any representation as to whether FEMA may revise its FIRMs, whether such revisions may result in homes that are currently outside of the 500-year or 100-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.

Risk from Weather Events

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, wildfires, hurricanes, tropical storms, 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 herein under “THE DEVELOPMENT – Mineral Rights, Easements and Other Third-Party Property Rights,” there are certain mineral rights reservations located within the District not owned by the Developer. There may also be additional third-party rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Caldwell County.

The Developer does not expect the existence or exercise of any third-party rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Tax Exempt Status of the Bonds

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds Similarly Secured, including 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,” 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. In the past, the IRS announced audit efforts focused in part on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. 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 Holders of the Bonds 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.

Management and Ownership

The management and ownership of the Developer, the Homebuilders, 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 District.

Dependence Upon Developer and Homebuilders

Currently, the Developer has the obligation for payment of 100% of the Improvement Area #1 Assessments. The ability of the Developer to make full and timely payment of the Improvement Area #1 Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Developer are land within the District, related permits, and development rights and minor operating accounts. 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 Improvement Area #1 Assessments if necessary, or as to whether the Developer will advance such funds. See “THE DEVELOPER – Description of the Developer.”

None of the Developer, the Homebuilders, or any other homebuilders will guarantee or otherwise be obligated to pay debt service on the Bonds. Payment of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property will initially be the responsibility of the Developer and/or the Homebuilders, as the case may be, as the owners of such Improvement Area #1 Assessed Property prior to purchase by homeowners.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The 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 and specified therein. The estimated market value specified in the Appraisal 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 Improvement Area #1 of 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 Improvement Area #1 of the District.

In performing its analyses, an Appraiser makes 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 and the date of the Appraisal.

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.

TIRZ Annual Credit Amount and Marketing of the Development

The TIRZ Revenues are generated only from certain ad valorem taxes levied and collected by the City and the County, respectively, on the captured appraisal value in the TIRZ in any year. Any delay or failure by the Developer or the Homebuilders to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit the Improvement Area #1 Assessments. The ability of the TIRZ Annual Credit Amount to reduce the Annual Installments within the District is dependent on the actual buildout values in the District meeting the projections for the estimated buildout value described in the Service and Assessment Plan. See “OVERLAPPING TAXES AND DEBT” and “APPENDIX C –Service and Assessment Plan.”

If the City and the County contribute the TIRZ Revenues to the payment of the Improvement Area #1 Projects, each such entity will deposit less tax revenue into its general fund for use on public services, such as police and fire protection. Application of the TIRZ Annual Credit Amount may affect the City’s and the County’s ability to provide for such basic services.

The TIRZ No. 1 Revenues contributed by the City constitute revenues collected by the City from a portion of its ad valorem tax rate levied on parcels within the Improvement Area #1 of the District. Effective September 1, 2025, if the Attorney General of the State determines that a municipality has not had its records and accounts audited, has not had an annual financial statement prepared based on such audit, and has not filed such financial statement and auditor’s opinion on such statement in the office of the municipal secretary or clerk before the 180th day of such municipality’s fiscal year end, as required by Section 103.003, Texas Local Government Code, as amended, the municipality may not adopt an ad valorem tax rate that exceeds its no-new-revenue tax rate for the tax year that begins on or after the date of the Attorney General’s determination and any subsequent tax year that begins before such statement and opinion are filed. The adoption of a no-new-revenue tax rate could result in a reduction of the TIRZ No. 1 Annual Credit Amount for such year. For each of the five most recently completed fiscal years for which the filing has come due pursuant to Section 103.003 (fiscal years ending 2019-2024), the City has made its filing within the 180-day deadline.

It is uncertain what impact, if any, the TIRZ Annual Credit Amount application to the Annual Installments will have on the underwriting of residential mortgages. If the underwriter of residential mortgages does not recognize the TIRZ Annual Credit Amount, it may make it more difficult for a borrower to qualify for a home mortgage which could have a negative impact on home sales and projected absorption.

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.

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 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 in the City’s federal tax certificate. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with 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 corporations' "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 Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

McCall, Parkhurst & Horton L.L.P., serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special

obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable solely from a first lien on, security interest in, and pledge of 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" and "– Additional Indebtedness" (first paragraph only), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED" (except for the subcaption "Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount," as to which no opinion is expressed), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts," as to which no opinion is expressed), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (except for the final paragraph thereof, as to which no opinion is expressed), "LEGAL MATTERS – Legal Opinions" (except for the final paragraph thereof, as to which no opinion is expressed), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B – Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation – The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, 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 Improvement Area #1 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 manager or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement, the Improvement Area #1 Construction, Funding, and Acquisition Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a "Material Adverse Effect").

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the Administrator, and UMB Bank, N.A. (in such capacity, the “Dissemination Agent”), will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”) for the benefit of the Holders 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 Holders 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

Except as hereinafter described, during the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule, with the submission of their Annual Comprehensive Financial Report (“ACFR”). In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for the last year have consisted of the City’s related ACFR, which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFRs but can be derived from information in the ACFRs.

The Developer

The Developer, the Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Holders 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 Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 – Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of the Developer or the 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 Holders of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent, and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer will not agree to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agree 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 any continuing disclosure agreements.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$ _____ (representing the par amount of the Bonds, less an underwriting discount of \$ ____). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the insider cover 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.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., 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 umb.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.

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Development generally and, in particular, the information included in the maps in this Limited Offering Memorandum and in the sections captioned "PLAN OF FINANCE" (other than the subcaption "– The Bonds"), "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," and "THE DEVELOPER," and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Projects, and the Development), "LEGAL MATTERS – Litigation – The Developer," "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings," "APPENDIX E-2," "APPENDIX F," and "APPENDIX G" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, 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 Barletta & Associates, Inc., and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Barletta & Associates, Inc., 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 ninety (90) days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The City Council has approved by resolution the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

General Information

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

Historical Employment in Caldwell County

The following information has been provided for informational purposes only.

	Average Annual				
	2025 ⁽¹⁾	2024	2023	2022	2021
Civilian Labor Force	25,576	24,820	24,012	22,595	21,463
Total Employed	24,633	23,925	23,182	21,829	20,452
Total Unemployed	943	895	830	766	1,011
Unemployment Rate	3.7%	3.6%	3.5%	3.4%	4.7%

⁽¹⁾ Data through November 2025.

Source: Texas Workforce Commission

Major Employers in the City

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

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lockhart ISD	790	7.73%
Walmart	225	2.20%
MTC (Lockhart Correctional)	175	1.71%
H.E.B. Food Store	170	1.66%
Pegasus School, Inc.	149	1.46%
City of Lockhart	149	1.46%
Ziegenfelder	100	0.98%
Student Transportation Specialist	85	0.83%
Pure Castings Company	75	0.73%
Fashion Glass & Mirror	70	0.69%
Total	1,988	19.46%

Source: Annual Comprehensive Annual Financial Report of the City for the year ended September 30, 2024.

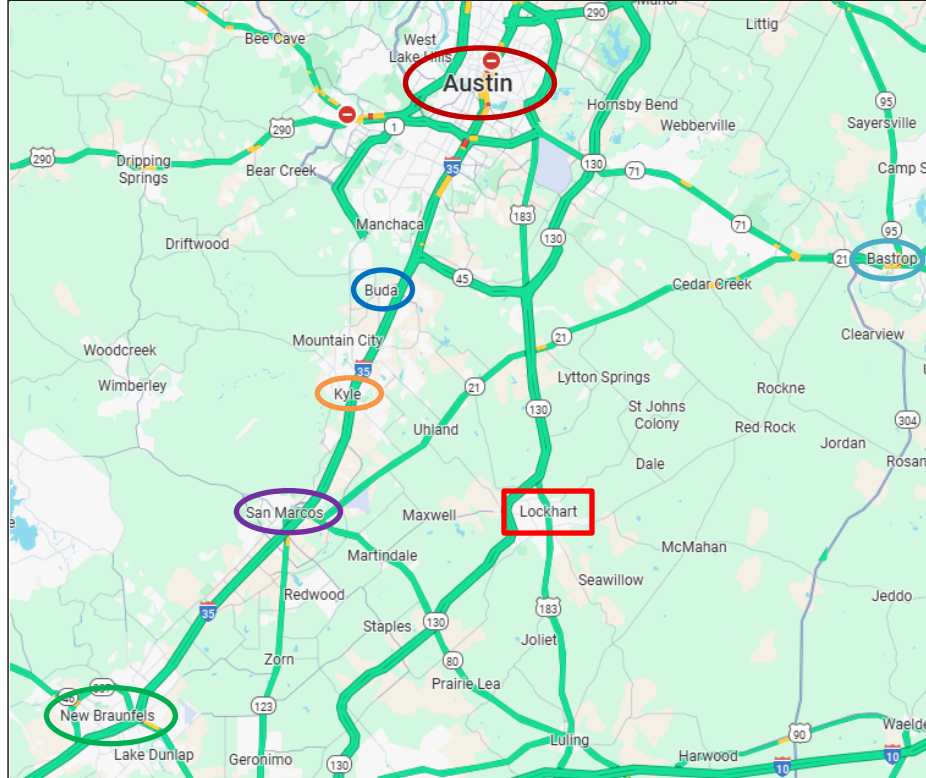
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REGIONAL EMPLOYMENT

Surrounding Economic Activity

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

City of San Marcos, TX (2024)		City of New Braunfels, TX (2024)		City of Kyle, TX (2024)		City of Buda, TX (2021)	
Approximately 18 Miles from the City		Approximately 36 Miles from the City		Approximately 18 Miles from the City		Approximately 25 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Amazon	5,000	Comal ISD	3,699	Hays CISD	3,258	Capital Excavation	315
Texas State University	3,730	Schlitterbahn Water Park	2,140	Seton Medical Center Hays	1,171	H-E-B Grocery	249
Premium Outlets San Marcos	1,600	TaksUs	1,397	Amazon	700	Wal-Mart	240
Tanger Factory Outlets	1,540	New Braunfels ISD	1,351	City of Kyle	349	ProBuild	222
San Marcos CISD	1,400	Wall-Mart Distribution Center	1,050	Lowes	100	Fat Quarter Shop	215
Hays County	885	City of New Braunfels	900	Home Depot	100	Cabela's	196
City of San Marcos	758	Comal County	838	Austin Community College Hays	80	Texas Lehigh	180
HEB Distribution Center	750	Christus Santa Rosa Hospital	600	Plastikon	65	US Food Service	159
Central Texas Medical Center	675	Rush Enterprises	600	SIMWON	38	Hays Community YMCA	157
CFAN	460	Resolute Baptist Hospital	513	ENF	25	Capital Spectrum	150



City of Bastrop, TX (2024)	
Approximately 31 Miles from the City	
Employer	Employees
Bastrop ISD	1,073
Bastrop County	800
Wal-Mart	541
Hyatt	443
Bluebonnet Electric Co-op	424
MD Anderson Cancer Center	353
Ascension Seton	298
Home Depot	200
H.E.B. Grocery Co.	136
Marketing Members LLC	130

City of Austin, TX (2024)	
Approximately 30 Miles from the City	
Employer	Employees
State Government	40,460
University of Texas at Austin	32,193
HEB	22,955
City of Austin	16,195
Ascension Seton	14,842
Federal Government	14,700
Dell Computer Corporation	13,000
Tesla, Inc.	12,277
St. David's Healthcare	11,484
Amazon	11,000

Source: Municipal Advisory Council of Texas

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APPENDIX B
FORM OF INDENTURE

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APPENDIX C
FORM OF SERVICE AND ASSESSMENT PLAN

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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APPENDIX F
DEVELOPMENT AGREEMENT

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APPENDIX G

FORM OF IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

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APPENDIX H
PHOTOGRAPHS OF THE DISTRICT

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APPENDIX I

APPRAISAL

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding Resolution 2026-11, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District, Major Improvement Area.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: This action approves the Preliminary Limited Offering Memorandum ("PLOM") related to the Seawillow Public Improvement District Major Improvement Area Bonds. The PLOM is the disclosure document that the City's underwriter, FMS Bonds, will use to market the bonds to potential investors. The PLOM has been reviewed by all parties involved in the bond issuance, including the City's Bond Counsel, City Attorney, Financial Advisor and PID Consultant.

PROJECT SCHEDULE (if applicable): None

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): None

PREVIOUS COUNCIL ACTION: The PLOM is a step in the creation of the Public Improvement District, as authorized in the approval of the Seawillow Development Agreement on June 18, 2024.

COMMITTEE/BOARD/COMMISSION ACTION: None

STAFF RECOMMENDATION/REQUESTED MOTION: Approval of Resolution 2026-11 approving the form and offering a p

LIST OF SUPPORTING DOCUMENTS: Resolution 2026-11 Approving PLOM Major Improvement Area, Lockhart Seawillow Ranch MIA 2026 - PLOM Exhibit A

RESOLUTION NO. 2026-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF LOCKHART, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026 (SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)"

WHEREAS, this City Council (the "Council") of the City of Lockhart, Texas (the "City") has adopted a resolution authorizing the creation of the Seawillow Ranch Public Improvement District (the "District"); and

WHEREAS, this Council intends to issue "City of Lockhart, Texas Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the "Bonds"), to fund public improvements within the District; and

WHEREAS, there has been presented to this Council a substantially final Preliminary Limited Offering Memorandum relating to the Bonds (the "Preliminary Limited Offering Memorandum"), attached hereto as Exhibit A; 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 Underwriter for the Bonds, FMSbonds, Inc.; 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 LOCKHART, 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, attached hereto as Exhibit A, 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, Assistant City Manager or the City Attorney. 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.

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PASSED AND APPROVED on this 17th day of February, 2026.

THE CITY OF LOCKHART, TEXAS

By: _____
Lew White, Mayor

ATTEST:

By: _____
Julie Bowermon, City Secretary

APPROVED TO FORM:

By: _____
Brad Bullock, City Attorney

Signature Page

EXHIBIT A

Preliminary Limited Offering Memorandum (Major Improvement Area)

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 18, 2026

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 McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under “TAX MATTERS,” including the alternative minimum tax on certain corporations.

\$9,959,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)

Sale Date: March 3, 2026

Interest accrues from the Closing Date (defined below)

Due: September 1, as shown on inside cover

The City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the “Bonds”), are being issued by the City of Lockhart, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2026, 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 UMB Bank, N.A., 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”), and an Indenture of Trust expected to be entered into by and between the City and the Trustee (the “Indenture”). *Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.* See “APPENDIX B – Form of Indenture.”

Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Major Improvement Area Improvements (defined herein), (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvements. See “THE MAJOR IMPROVEMENT AREA 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 a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Major Improvement Area Assessments levied against Major Improvement Area Assessed Property in the District in accordance with a Service and Assessment Plan, 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 SIMILARLY SECURED.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

The Bonds are the initial series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds involve a significant degree of risk, are speculative in nature, and are not suitable for all investors. See “BONDHOLDERS’ RISKS.” The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its City Attorney, Messer Fort PLLC, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 26, 2026 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: ^(a)

\$9,959,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 1, 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 S&P Global Market Intelligence on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 1, 20 __, are subject to redemption before their respective scheduled maturity dates, in whole or in part, at the option of the City, on any date on or after September 1, 20 __, at the redemption prices 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 described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

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* Preliminary; subject to change.

CITY OF LOCKHART, TEXAS

Elected Officials

<u>NAME</u>	<u>TERM EXPIRES (NOVEMBER)</u>
Lew White, Mayor	2026
Juan Mendoza, Councilmember District 1	2027
John Castillo, Councilmember District 2	2027
John Lairsen, Councilmember District 3	2026
Jeffry Michelson, Councilmember District 4	2026
Brad Westmoreland, Councilmember At-Large	2027
Taylor Burge, Councilmember At-Large	2027

Selected Administrative Staff

CITY MANAGER

Joseph Resendez

CITY SECRETARY

Julie Bowermon

FINANCE DIRECTOR

Keeli Michna

CITY ATTORNEY

Messer Fort, PLLC

BOND COUNSEL

McCall, Parkhurst & Horton, L.L.P.
Austin, Texas

FINANCIAL ADVISOR

Specialized Public Finance, Inc.
Austin, Texas

PID ADMINISTRATOR

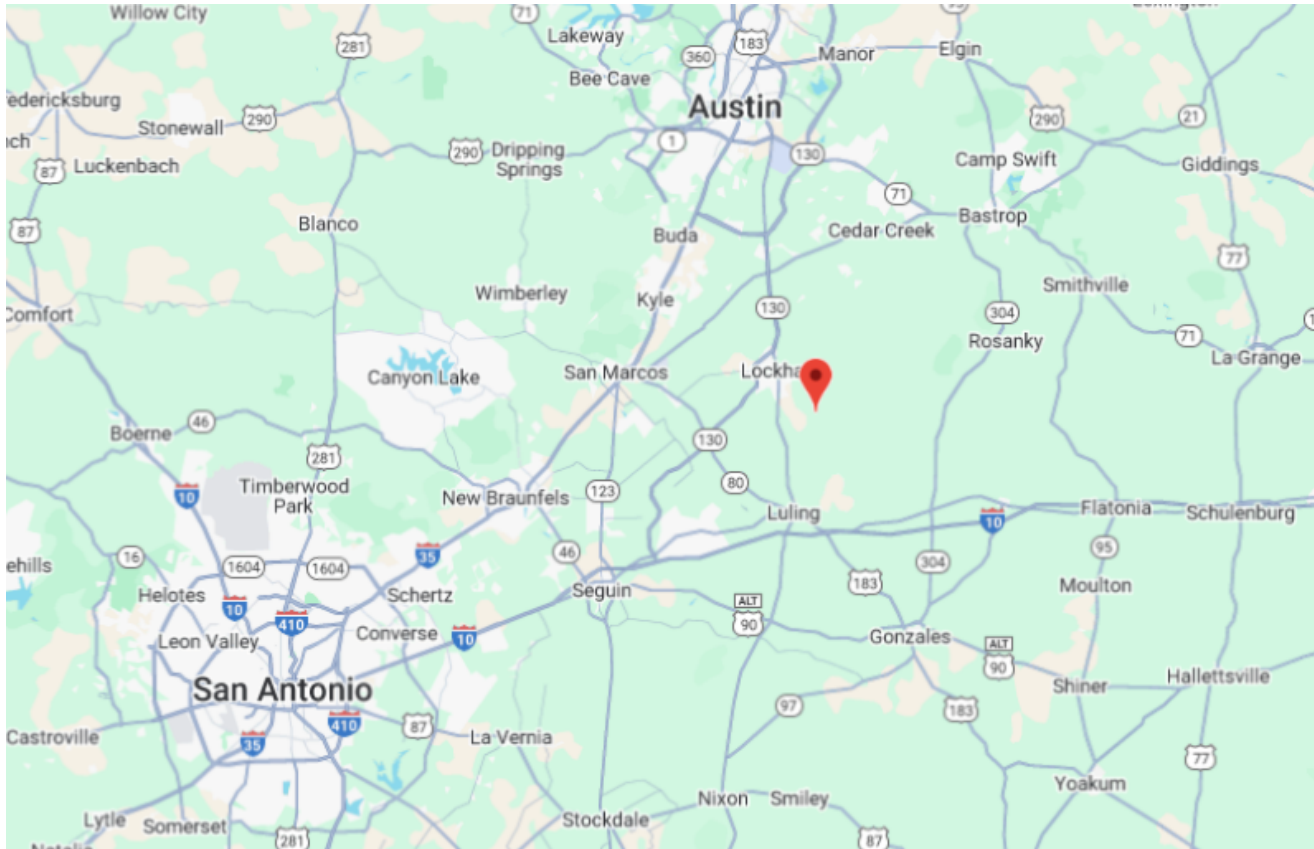
P3Works, LLC
Austin, Texas

For additional information regarding the City, please contact:

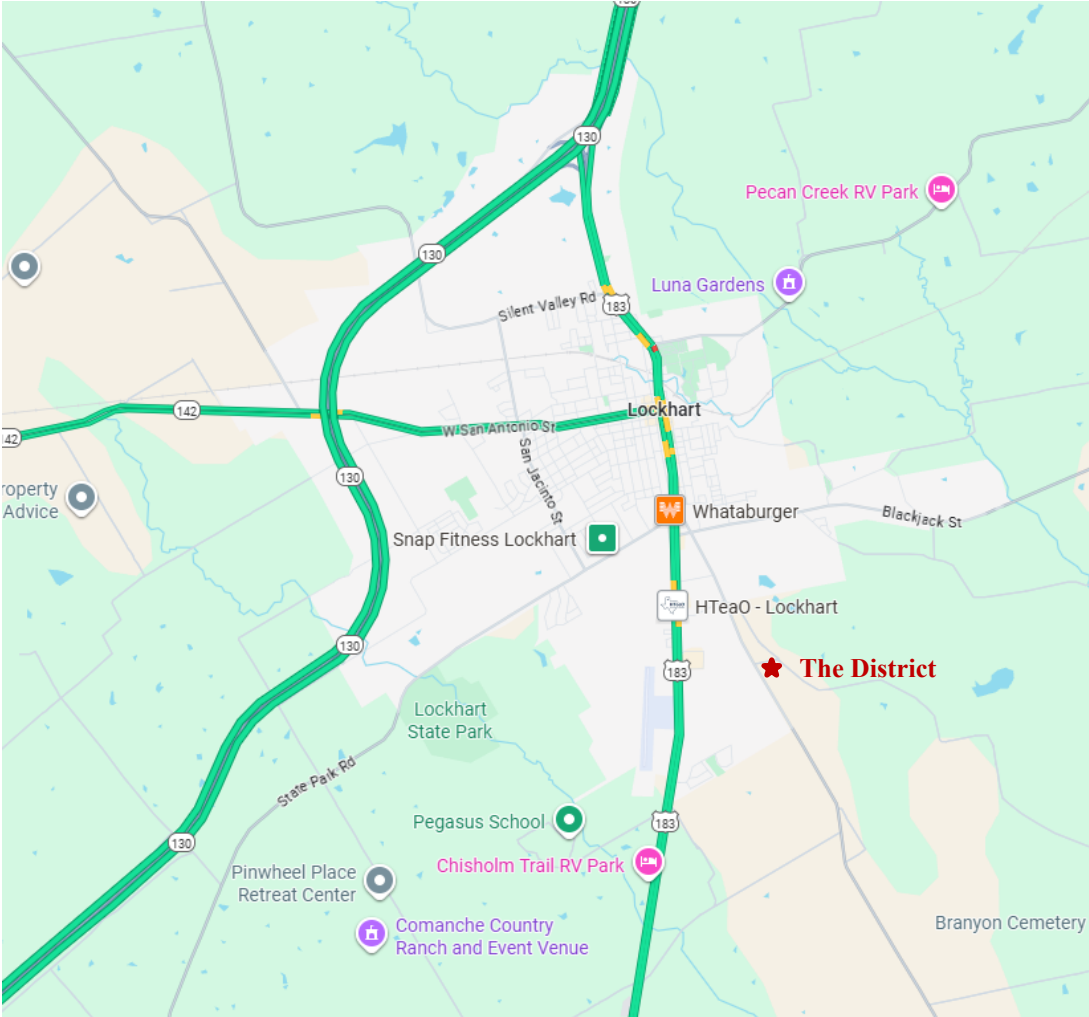
Joseph Resendez
City Manager
City of Lockhart, Texas
308 W. San Antonio St.
Lockhart, Texas 78644
(512) 398-3461

Jennifer Ritter
Managing Director
Specialized Public Finance, Inc.
248 Addie Roy Rd., Suite B-103
Austin, Texas 78746
(512) 275-7304

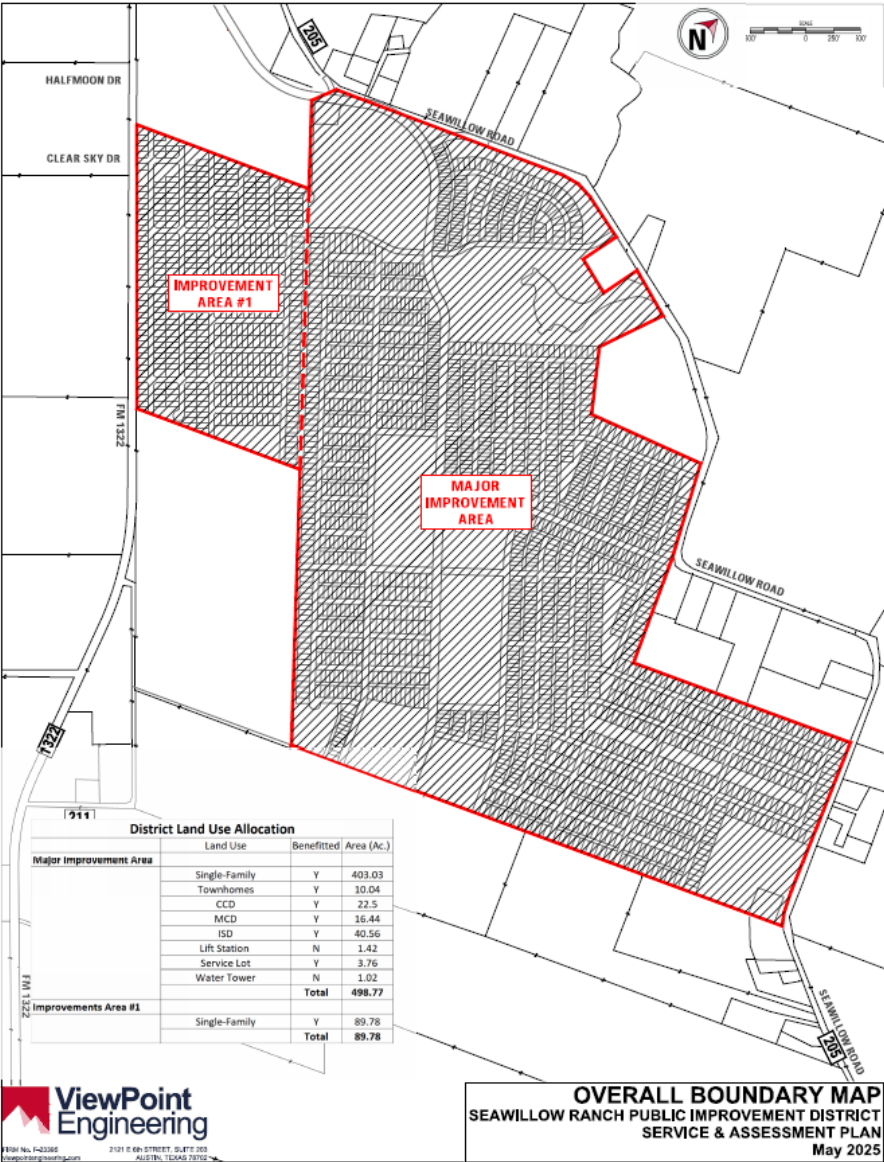
REGIONAL LOCATION MAP OF THE DISTRICT



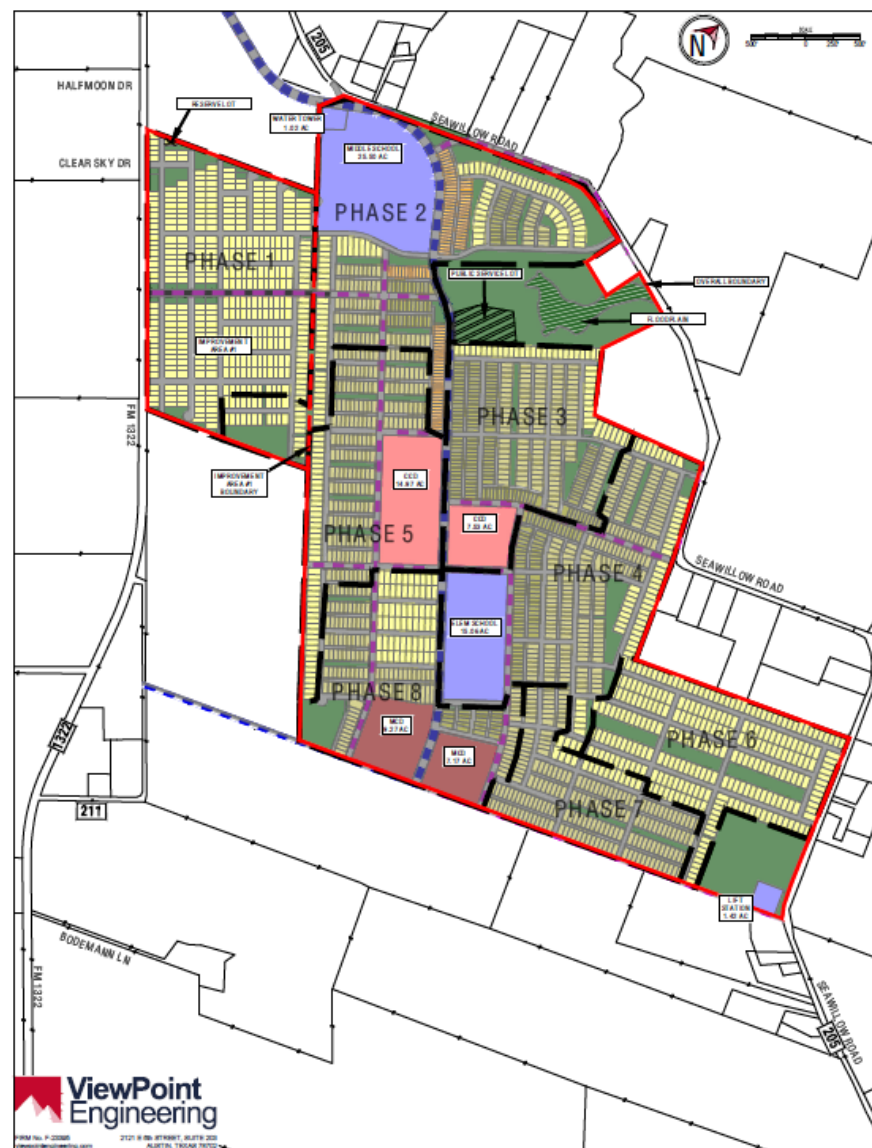
AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1, AND THE MAJOR IMPROVEMENT AREA



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 (THE "RULE" OR "RULE 15C2-12"), THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "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." EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

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

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

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

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

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

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, THE RULE.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$9,959,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)

INTRODUCTION

The purpose of this Preliminary Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Lockhart, Texas (the “City”), of its \$9,959,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the “Bonds”).

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

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

The Bonds are the first series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds Similarly Secured, including the Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Major Improvement Area Assessments levied, pursuant to the Assessment Ordinance expected to be adopted by the City Council on March 3, 2026, against the Major Improvement Area Assessed Property, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds.

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, the Major Improvement Area Construction, Funding, and Acquisition Agreement, the MIA Lot Developer (defined herein), the Developer (defined herein), the Administrator, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the form of Service and Assessment Plan appears as “APPENDIX C – Form of 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 and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Overview

ROED Prop Co, LLC, a Texas limited liability company (the “Developer”), purchased approximately 89.769 acres on August 31, 2021, such acreage comprising Improvement Area #1 of the District (as identified in the map on page iv) using cash on hand. On September 30, 2024, RODG DT Seawillow PropCo LLC, a Texas limited liability company (the “MIA Lot Developer”), and affiliate of the Developer, purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area, using cash on hand and proceeds of the Acquisition Loan (defined herein). The MIA Lot Developer is expected to be the lot developer of the property in the “Major Improvement Area” (as identified in the map on page iv). Red Oak Development Group, LLC (“Red Oak”), an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also “THE DEVELOPER.” The land in the Major Improvement Area not owned by the MIA Lot Developer is currently owned by four individuals (collectively, the “Landowners”).

The District consists of approximately 588.547 acres located partially in the corporate boundaries and partially in the extra-territorial jurisdiction of the City. Only Improvement Area #1 is in the corporate boundaries of the City. The District is expected to be developed in eight phases as a master planned development to include approximately 2,332 single-family detached residential lots consisting of 40’, 45’, 50’, 60’, and 70’ front footage lots; up to 95 single-family attached 25’ townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8’ wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district (collectively, the “Development”). See the concept plan on page v.

Development Plan

The Developer is constructing the public improvements that benefit only the lots within Improvement Area #1 (the “Improvement Area #1 Improvements”) and the portion of the public improvements that benefit all of the property within the District (the “Major Improvements”).

Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50’ front footage lots. The Developer is constructing the lots in Improvement Area #1 in two phases, consisting of approximately 203 lots in “Phase 1” (as identified in the Concept Plan on page v) and approximately 211 lots in “Phase 2” (as identified in the Concept Plan on page v). The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026. The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements (defined herein).

The total cost of Major Improvements allocable to the Major Improvement Area (the “Major Improvement Area Improvements”) is expected to be approximately \$7,429,720. A portion of the proceeds of the Bonds is expected to be used to reimburse the Developer for all* costs of the Major Improvement Area Improvements. The Developer is funding the construction of the Major Improvements with proceeds of the Construction Loan (defined herein). See THE DEVELOPER – History and Financing of the District.”

** Preliminary, subject to change.*

The Developer and the City expect to enter into the Major Improvement Area Improvements Construction, Funding, and Acquisition Agreement which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of the Major Improvement Area Improvements, including payment to the Developer for funds expended by the Developer and used to pay costs of the Major Improvement Area Improvements. See “APPENDIX G – Form of Major Improvement Area Improvements Construction, Funding, and Acquisition Agreement.”

Lot Purchase Agreements and Letter of Intent within the District

The Developer has entered into a letter of intent (the “Hakes Bros LOI”) and lot purchase and sale agreements (the “Improvement Area #1 Lot Purchase Agreements”) with the following homebuilders (collectively, the “Improvement Area #1 Homebuilders”) for 290 of the planned 414 lots within Improvement Area #1. See “THE DEVELOPMENT – Lot Purchase Agreements and Letter of Intent within the District.”

The MIA Lot Developer has not yet executed lot purchase agreements for lots in the Major Improvement Area.

The Bonds

The Bonds are the initial series of Bonds Similarly Secured to be issued under the Indenture. Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Major Improvement Area Improvements, (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvement Area Improvements. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS” and “APPENDIX B – Form of Indenture.”

Payment of the Bonds Similarly Secured, including the Bonds, is payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Major Improvement Area Assessments levied against the Major Improvement Area Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the 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.

Additional Indebtedness

Concurrently with the issuance of the Bonds, the City expects to issue its City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the “Improvement Area #1 Bonds”) for the purpose, among other things, of paying a portion of the costs of the Improvement Area #1 Projects. The Improvement Area #1 Bonds will be secured by assessments levied against assessable property within Improvement Area #1 only (the “Improvement Area #1 Assessments”). **Property within the Major Improvement Area will not be subject to the Improvement Area #1 Assessments. The Improvement Area #1 Assessments are not security for the Bonds.**

Upon completion of the Major Improvement Area Improvements, the MIA Lot Developer expects to continue with construction of certain local public improvements to benefit only the lots in each phase of the Development developed subsequent to development of Improvement Area #1 (such area, the “Future Improvement Area,” which is expected to be contiguous with the Major Improvement Area). The City expects to issue one or more series of future phased bonds or obligations (each such series of bonds or obligations being “Future Improvement Area Obligations”) to finance the costs of public improvements (the “Future Improvement Area Improvements”) within each phase of development within the Future Improvement Area (collectively, the “Future Improvement Areas”) as development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Obligations.

Such Future Improvement Area Obligations will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Future Improvement Area Improvements being financed. See “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Obligations.”

The Bonds, the Improvement Area #1 Bonds, and any Future Improvement Area Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Neither the Improvement Area #1 Bonds nor any Future Improvement Area Obligations to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Initial Purchaser”) 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 Major 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. None of the City, its councilmembers, officers, or employees shall have any liability for or in connection with the Investor’s decision to purchase the Bonds; provided, however, that they may have liability to the Investor 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 Similarly Secured.

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 of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each Interest Payment Date, being each March 1 and September 1, commencing September 1, 2026, until Stated Maturity or prior redemption. UMB Bank, N.A., is the initial Trustee, Paying Agent, and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in Authorized Denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 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 the Redemption Price equal to 100% of the principal amount of all or a portion of Bonds to be redeemed, plus accrued but unpaid interest to the date of redemption.

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. If less than all Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured. See “ASSESSMENT PROCEDURES – Prepayment of Major Improvement Area Assessments” for the definition and description of Prepayments.

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

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Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__, September 1, 20__, and September 1, 20__ (together the “Term Bonds”), are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the Redemption Price, from moneys available for such purpose in the Principal and Interest Account of the Bond Fund on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

<u>\$ Term Bonds due September 1, 20__</u>	
<u>Year</u>	<u>Sinking Fund Installment Amount</u>
	\$
†	
† Stated maturity.	

At least 30 days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select by lot 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 shall be reduced, at the option of the City, by the principal amount of such Term Bonds 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 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 of the Indenture and not previously credited to a mandatory sinking fund redemption.

Partial Redemption Provisions. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in increments of \$1,000; 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.

If less than all of a series of Bonds Similarly Secured are called for optional redemption, the City shall, pursuant to a City Certificate, determine the Bond Similarly Secured or Bonds Similarly Secured or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

Upon surrender of any Bond for redemption in part, the Trustee 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 written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United

States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond Similarly Secured 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 Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, an identification of the Bonds Similarly Secured 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 Similarly Secured shall become due and payable.

Any notice given as provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption 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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, 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 Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the 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 all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct

Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS, OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS SIMILARLY SECURED

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. "Bonds Similarly Secured" means, collectively, any Outstanding Bonds and Refunding Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B – Form of Indenture."

General

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds, are equally and ratably secured by and payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of Major Improvement Area Assessments expected to be levied against the Major Improvement Area Assessed Property, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City Council expects to approve and adopt the Assessment Ordinance, including the Service and Assessment Plan, on March 3, 2026, which describes the special benefit received by the Major Improvement Area Assessed Property, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the Major Improvement Area Assessments, and provides for the allocation

of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds. The Service and Assessment Plan will be reviewed and updated annually for the purpose of determining the annual budget for the Major Improvement Area Improvements and the Annual Installments of Major Improvement Area 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 of Major Improvement Area Assessed Property. See “APPENDIX C – Form of Service and Assessment Plan.”

In connection with the pricing of the Bonds expected to occur on March 3, 2026, and as provided in the Assessment Ordinance, the City expects to approve the Service and Assessment Plan, which will reflect the actual interest rates on the Bonds, as well as the Additional Interest to be collected pursuant to Section 372.018(a) of the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of applicable law to finance the Major Improvement Area Improvements by levying Major Improvement Area Assessments upon the Major Improvement Area Assessed Property. For a description of the assessment methodology and the amounts of Major Improvement Area Assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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

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

“Additional Interest Rate” means the additional 0.50% interest charged on the Major Improvement Area Assessments as authorized by Section 372.018 of the PID Act.

“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 and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to the Major Improvement Area Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Major Improvement Area Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds Similarly Secured; (6) investing or depositing Major Improvement Area Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of Bonds Similarly Secured, including continuing disclosure requirements; and (8) the Paying Agent/Registrar and Trustee in connection with Bonds Similarly Secured, 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 the Major Improvement Area Assessments 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.

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

“Delinquent Collection Costs” means, for a Parcel, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Major Improvement Area Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

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

“Major Improvement Area Assessed Property” or “Major Improvement Area Assessed Properties” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied as

shown on the Major Improvement Area Assessment Roll (as the same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within the Major Improvement Area other than Non-Benefited Property as defined in the Service and Assessment Plan.

“Major Improvement Area Assessment” means an Assessment levied against the Major Improvement Area Assessed Properties and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area Assessed Property and included in the Service and Assessment Plan as Exhibit E-2, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

“Parcel” or “Parcels” means a parcel or parcels within the boundaries of the District, identified by either a tax map identification number assigned by the Caldwell 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 the County or by any other means determined by the City Council.

“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 Major Improvement Area 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 a Major Improvement Area 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 a Major Improvement Area Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment of the Major Improvement Area Assessment.

“Trust Estate” means, collectively, (i) the Pledged Revenues, 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 now existing or hereafter coming into existence, and whether now or hereafter acquired, (ii) any and all other property or money of every name and nature which is, from time to time 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 covenants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Major Improvement Area Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Major Improvement Area Assessments

For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees, and warrants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 or otherwise other than funds on deposit in the Administrative Fund.

Unconditional Levy of Major Improvement Area Assessments

The Annual Installments of the Major Improvement Area Assessments shall be sufficient to pay the principal of and interest on the Bonds Similarly Secured, including the Bonds, scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Major Improvement Area Assessments will become effective on the date of adoption, and strictly in accordance with the terms, of the Assessment Ordinance. Each Major Improvement Area Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Major Improvement Area Assessments. Pursuant to the Assessment Ordinance, interest on the Major Improvement Area Assessments will be calculated at the rate of interest on the Bonds, plus the Additional Interest Rate, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of a Major Improvement Area Assessment, will be calculated annually and will be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the Annual Collection Costs. The portion of each Annual Installment of an Major Improvement Area Assessment used to pay Annual Collection Costs will 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 amount collected to pay Annual Collection Costs will be due when billed, expected to be on or about October 1 of each year, in the manner set forth in the Assessment Ordinance, and will be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There will be no discount for the early payment of Major Improvement Area Assessments.

The PID Act provides that the Major Improvement Area 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 Major Improvement Area 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 liability of and charge against the owners of Major Improvement Area Assessed Property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien will be effective from the date of adoption of the Assessment Ordinance until the Major Improvement Area Assessments are paid (or otherwise discharged) and will be enforceable by the City in the same manner that an ad valorem property tax levied against real property may be enforced by the City. 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."

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Major Improvement Area Assessments and such remaining Annual Installments (including

interest) will continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfected Security Interest

The lien on and pledge of the Trust Estate to repayment of the Bonds will be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured, including 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 Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve the perfection of the security interest in said pledge to the registered owners of the Bonds, the City has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, 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 and Project Collection Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer or cause to be transferred pursuant to a City Certificate provided to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collector of the County. Upon the Trustee’s receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate, 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 Actual Costs of the Major Improvement Area Improvements as provided in the Indenture, 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 in the Indenture and, on each March 1, beginning March 1, 2027, 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 transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full to the Bond Pledged Revenue Account of the Pledged Revenue Fund set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full to the Reserve Account of the Reserve Fund set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates specified in the Indenture and after the Trustee deposits all such Pledged Revenues as provided in the Indenture, the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits to the Bond Pledged Revenue Account of the Pledged Revenue Fund and to the Reserve Account of the Reserve Fund are made in full.

While any of the Bonds Similarly Secured are Outstanding, the County, acting by and through its Tax Assessor-Collector or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City’s behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City’s behalf, the Trustee shall accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate, deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be deposited such Pledged Revenues pursuant to the first paragraph under this subcaption. The City shall provide such City Certificate on or before February 20, 2027, and on or before every February 20 and August 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in clause (i) of the first paragraph under this subcaption for the

debt service payment date immediately following the required City Certificate delivery date or the deposit in full set forth in clause (ii) of the first paragraph under this subcaption after the City provides a City Certificate by the dates specified in this paragraph and after the Trustee deposits all Pledged Revenues received as provided in this paragraph and the first paragraph under this subcaption, the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this paragraph and the first paragraph under this subcaption as necessary to ensure the deposits set forth in clauses (i) and (ii) of the first paragraph under this subcaption are made in full.

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 and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds 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 in connection with the Major Improvement Area Assessed Property to which the Foreclosure Proceeds relate, *second*, to the Delinquency & Prepayment Reserve Account to replenish the Delinquency & 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, pursuant to a City Certificate, which monies may be used for any lawful purpose for which Major Improvement Area 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/or interest then due and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the preceding paragraph, 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.

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027. Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Project Fund, or if the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

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 in the first paragraph under this subcaption, 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 specified in the paragraph of “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 Similarly Secured pursuant to the instructions on the memorandum to be prepared by the underwriter for the Bonds Similarly Secured (the “Closing Memorandum”) as of the Closing Date for the respective series of Bonds Similarly Secured. If, after the foregoing disbursements made pursuant to the Closing Memorandum, there are funds remaining in the Cost of Issuance Account, 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 Similarly Secured pursuant to one or more City Certificates as provided in the Indenture.

Disbursements from the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs of the Major Improvement Area Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such Certification for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions 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. The disbursement of funds from the Major Improvement Area Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Major Improvement Area Construction, Funding, and Acquisition Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Major Improvement Area Construction, Funding, and Acquisition Agreement and no other provisions of the Major Improvement Area Construction, Funding, and Acquisition Agreement are herein incorporated by reference and deemed set forth herein in full.

Except as otherwise provided in the Indenture, money on deposit in the Major Improvement Area Improvements Account of the Project Fund shall be used solely to pay Actual Costs of the Major Improvement Area Improvements, provided the Trustee shall have no responsibility for the application of any funds disbursed from the Major Improvement Area 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 Major Improvement Area Improvement Account of the Project Fund are not expected to be expended for purposes of the Major Improvement Area Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Major Improvement Area Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Major Improvement Area Improvement Account of the Project Fund will ever be expended for the purposes of the Major Improvement Area Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Major Improvement Area Improvement Account of the Project Fund that are not expected to be used for purposes of the Major Improvement Area Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Major Improvement Area 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 Major Improvement Area Improvement Account of the Project Fund shall be closed.

In making any determination pursuant to this Section, 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 Major Improvement Area Improvements have been completed and that all Actual Costs of the Major Improvement Area Improvements have been paid, or that any Actual Costs of the Major Improvement Area Improvements are not required to be paid from the Major Improvement Area Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Major Improvement Area 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 Major Improvement Area 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 applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance

Account of the Project Fund shall be transferred to (i) the Major Improvement Area Improvement Account in the Project Fund and used to pay Actual Costs of the Major Improvement Area Improvements, or (ii) if no Major Improvement Area Improvements remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

Reserve Fund

The City agrees with the Holders of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account of the Reserve Fund an amount equal to not less than the Reserve Account Requirement. Reserve Account Requirement means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of an optional redemption or extraordinary optional redemption pursuant to the Indenture, and any such reduction in the Reserve Account Requirement shall be 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 date of issuance of the Bonds, the Reserve Account Requirement is \$_____ * which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of their date of issuance. The City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund, as provided in the Indenture.

Subject to requirements with respect to the Pledged Revenue Fund, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2027, 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. Delinquency & Prepayment Reserve Requirement means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Major Improvement Area 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.

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 if 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 again accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this paragraph, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds Similarly Secured are no longer Outstanding.

Whenever a transfer is made from an Account of 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.

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 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 and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000 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 written 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 to pay Rebtable Arbitrage, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, or (iii) to the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs of the Major Improvement Area Improvements if such application and the expenditure of funds is expected to occur within three years of the Closing Date.

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 Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with the Indenture.

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, and *second*, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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 shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

Administrative Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Major Improvement Area 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, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with the Indenture.

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. See “APPENDIX C – Form of Service and Assessment Plan.”

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

Defeasance

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 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 this paragraph 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 Defeased Debt. 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 Defeased Debt on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments determined by the City and described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, 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. Pursuant to current State law, Investment Securities include (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) 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 issuer 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; (iii) 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 issuer 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; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

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 Similarly Secured. Because the Indenture does not contractually limit such investments, Holders 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.

Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified above 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 Holders 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 first paragraph under this subcaption 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.

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Major Improvement Area Assessments, including the prosecution of foreclosure proceedings, in accordance with the Indenture;
- (iii) default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and
- (iv) 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; provided, however, that the payments are to be made only from the Trust Estate.

The Trustee shall not be charged with the knowledge of (a) any events or other information, or (b) any default under the Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Immediate Remedies in Event of Default

Subject to provisions of the Indenture with respect to liability of the City, upon the happening and continuance of any of the Events of Default described above, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

Whenever moneys are to be applied upon an occurrence of an 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, specifically, in inverse order of value pursuant to a certified appraisal of real or personal property or market value of investments as set forth in the U.S. Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable 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, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee under the Indenture, and (iii) any taxes and assessments and other charges prior to the lien of the Indenture. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Holder or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided above, and shall not be liable to any Holder, or other Person, or the City by reason of such selection, liquidation, or sale.

Restriction on Holder's Actions

No Holder 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 under the Indenture, 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 it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit, or proceeding in its own name, (iii) the Holders have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right under the Indenture except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Holders 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 liability of the City, nothing in the Indenture shall affect or impair the right of any Holder 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 Holders thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

In case the Trustee or any Holders 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 Holders of Bonds Similarly Secured, then and in every such case the City, the Trustee, and the Holders 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 Default

All moneys, securities, funds, and Pledged Revenues and other assets of the Trust Estate 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 fees, costs, and expenses), 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 the provisions described above under “– Immediate Remedies in Event of Default,” 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 Holders 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 Holders entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Holders 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 or Redemption Price due and to the Holders entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of Bonds Similarly Secured pursuant to the Indenture within thirty (30) days of receipt of such good and available funds, the record date shall be the date the Trustee received such good and available funds.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds 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 in the Indenture, 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 of the Reserve Fund, 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, upon which the Trustee may conclusively rely without investigation or inquiry, 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 is hereby directed to invest and re-invest cash balances in the Morgan Stanley, Fidelity, or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code Chapter 2256, as amended (the “PFIA”), or any successor law, and only so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

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.

Other Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds

The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from the Trust Estate or any portion thereof. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured.

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 thereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the 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 Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

- i. Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and
- ii. Upon their authorization by the City, the Refunding Bonds of a Series issued under the Indenture shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution, and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developer for funding the costs of Future Improvement Area Improvements. The Developer may request that the City issue Future Improvement Area Bonds; provided, however, that no Future Improvement Area Bonds shall be issued unless such Future Improvement Area Bonds are made to mature on September 1 in each of the years in which they are scheduled to mature, and the applicable requirements below are met:

- i. The Trustee shall receive a certificate from the City Representative certifying that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture or any indenture of trust authorizing the issuance of Future Improvement Area Bonds for the District;
- ii. The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure

period in the performance and observance of any of the terms, provisions, and conditions applicable to the Developer contained in the Development Agreement applicable to the District or any continuing disclosure agreement entered into by the Developer relating to the District, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City Council elects to proceed with the issuance of the Future Improvement Area Bonds regardless of the existence of such default or defaults;

- iii. The Trustee and the City shall receive a certificate from the Administrator certifying that there is no default by the Landowners (to the extent the Landowners own property in the applicable Future Improvement Area) or any owner of more than five percent (5%) of the assessed parcels in the applicable Future Improvement Area for failure to pay special assessments or ad valorem taxes on assessed parcels in such Future Improvement Area owed by the Landowners (to the extent the Landowners own property in the applicable Future Improvement Area) or such owner prior to the delinquency date thereof;
- iv. With respect to:
 - 1. Future Improvement Area Bonds issued for the next subsequent Improvement Area following the issuance of the Improvement Area #1 Bonds, the Trustee and the City shall receive a certificate from the Developer certifying that at least seventy-five percent (75%) of the assessed parcels in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users;
 - 2. Future Improvement Area Bonds issued for the Improvement Areas thereafter:
 - A. the Trustee and the City shall receive a certificate from the Developer certifying that (A) a certificate of occupancy for completed homes has been issued for at least forty percent (40%) of the lots or residential units, as applicable, in the preceding Improvement Areas for which bonds have been issued, and (B) at least seventy-five percent (75%) of the residential lots to be assessed in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users; and
 - B. the Trustee and City shall receive an appraisal delivered by an independent appraiser evidencing that the Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued is not less than 2:1.

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SOURCES AND USES OF FUNDS *

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

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

⁽¹⁾ Includes the fee of counsel to the Underwriter.

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DEBT SERVICE REQUIREMENTS *

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

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	—	(1)	
2027		(1)	
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			
2054			
2055			
<u>Total</u>			

(1) Interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027, will be paid from amounts on deposit in the Capitalized Interest Account of the Bond Fund. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Bond Fund."

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within the Major Improvement Area of 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 and assessments are payable in addition to the Major Improvement Area Assessments.

In addition to the City, each of the County (for Farm to Market roads and other County purposes), Austin Community College District, Lockhart Independent School District (“Lockhart ISD”), Caldwell County Emergency Services District #4 (Fire), Caldwell County Emergency Services District #5 (Medical and Ambulance), and Plum Creek Conservation District (for flood water and groundwater management), may levy ad valorem taxes upon land in the Major Improvement Area of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

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

<u>Overlapping Taxes in the Major Improvement Area</u>	
<u>Taxing Entity</u>	<u>Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾</u>
The City	\$ 0.554100
Caldwell County	0.439000
Caldwell County Farm to Market	0.000100
Austin Community College District	0.103400
Lockhart ISD	0.939600
Caldwell County Emergency Services District #4	0.100000
Caldwell County Emergency Services District #5	0.100000
Plum Creek Conservation District – Flood	0.013700
Plum Creek Conservation District – Underground	0.017000
Total Current Tax Rate	<u>\$2.266900</u>
Estimated Average Annual Installment of Major Improvement Area Assessment as an Equivalent Tax Rate ⁽²⁾	<u>\$0.154952</u>
Estimated Total Tax Rate and Average Annual Installments of Major Improvement Area Assessment for years 2026-2035 as an Equivalent Tax Rate ⁽²⁾	<u>\$2.421852</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, and from lot counts and estimated buildout values provided by the Developer. Shown as an equivalent tax rate for illustration purposes only. See “THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District” and “APPENDIX C – Form of Service and Assessment Plan.”

Sources: Caldwell County Appraisal District and Service and Assessment Plan.

Overlapping Debt

As noted above, the Major Improvement Area of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the Major Improvement Area of the District, as of January 1, 2026, and City debt to be secured by the Major Improvement Area Assessments:

Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of January 1, 2026</u>	<u>Estimated % Applicable ⁽¹⁾</u>	<u>Estimated Overlapping Debt ⁽¹⁾</u>
The City (Bonds)	\$ 9,959,000 ⁽²⁾	100.000%	\$9,959,000 ⁽²⁾
The City (Ad Valorem Taxes)	35,110,000	1.592%	558,970
Caldwell County	66,190,000	0.462%	305,945
Caldwell County (Farm to Market)	—	—	—
Austin Community College District	657,685,000	0.007%	48,624
Lockhart ISD	211,096,145	0.827%	1,746,383
Caldwell County ESD #4	—	—	—
Caldwell County ESD #5	—	—	—
Plum Creek Conservation District – Flood	—	—	—
Plum Creek Conservation District – Underground	—	—	—
Total	\$980,040,145		\$12,618,922

⁽¹⁾ Based on the Appraisal for the Major Improvement Area of the District and on certified valuations for the Tax Year 2025 for the taxing entities. See “APPRAISAL.”

⁽²⁾ Preliminary; subject to change.

Sources: Caldwell County Appraisal District and Municipal Advisory Council of Texas.

Agricultural Valuation

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land’s agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, “rollback taxes” are assessed for each of the previous three years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land’s agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

The use of the land within the Major Improvement Area is expected to change from agricultural to non-agricultural as development progresses.

Homeowners’ Association Dues

In addition to the Major Improvement Area Assessments and overlapping taxes and assessments referenced above, the Developer anticipates that each lot owner in the District will pay a property owner’s association fee annually to a homeowner’s association (the “HOA”) of approximately \$1,400 per year.

ASSESSMENT PROCEDURES

Capitalized terms used in “ASSESSMENT PROCEDURES” and not otherwise defined in the Indenture or this Limited Offering Memorandum have the meanings assigned to such terms in the Service and Assessment Plan.

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Major Improvement Area Improvements through the levy of Major Improvement Area Assessments, it must adopt a resolution generally describing the Major Improvement Area Improvements and the land within the Major Improvement Area of the District to be subject to Major Improvement Area Assessments to pay the cost therefor. The City has caused the Major Improvement Area Assessment Roll to be prepared, which shows the Major Improvement Area Assessed Property, the amount of benefit to and the Major Improvement Area Assessment against each Lot or Parcel of Major Improvement Area Assessed Property, and the number of Annual Installments in which the Major Improvement Area Assessment is divided. The Major Improvement Area Assessment Roll was or will be filed with the City Secretary and made available for public inspection. Statutory notice was or will be given to the owners of the Major Improvement Area Assessed Property and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Major Improvement Area Improvements and funding a portion of the same with Major Improvement Area Assessments. The City expects to adopt the Assessment Ordinance and levy the Major Improvement Area Assessments March 3, 2026. Upon adoption of the Assessment Ordinance, the Major Improvement Area Assessments will become legal, valid, and binding liens upon the Major Improvement Area Assessed Property.

Pursuant to the PID Act, the costs of the Major Improvement Area Improvements to be defrayed through the levy of Major Improvement Area Assessments may be assessed by the City against the Major Improvement Area Assessed Property so long as the special benefit conferred upon the Major Improvement Area Assessed Property by the Major Improvement Area Improvements equals or exceeds the Major Improvement Area Assessments. The costs of the Major Improvement Area Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Major Improvement Area 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 – Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Major Improvement Area Assessed Property as a result of the Major Improvement Area Improvements, provides the basis and justification for the determination that such special benefit exceeds the amount of the Major Improvement Area Assessments, and establishes the methodology by which the City allocates the special benefit of the Major Improvement Area Improvements to Parcels of Major Improvement Area Assessed Property 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 Major Improvement Area Improvements is being funded with proceeds of the Bonds, which are payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Major Improvement Area Assessments. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Major Improvement Area Improvements will be allocated to the Major Improvement Area Assessed Property by spreading the entire Major Improvement Area Assessment across all Major Improvement Area Assessed Property within the Major Improvement Area of the District based on the ratio of Estimated Buildout Value of each Lot Type in the Major Improvement Area to the Estimated Buildout Value of all Major Improvement Area Assessed Property within the Major Improvement Area. Currently, the Major Improvement Area consists of three Parcels. Until a plat is filed, the Major Improvement Area Assessments will be allocated among the three Parcels based on the ratio of the acreage of each Parcel to the total acreage of the Major Improvement Area based on acreage as reported by the Caldwell County Appraisal District. For further explanation of the Assessment Methodology, see “APPENDIX C – Form of Service and Assessment Plan.”

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Major Improvement Area Assessments on Parcels of Major Improvement Area Assessed Property similarly benefitted. The Major Improvement Area 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, the MIA Lot Developer, the Landowners, and all future owners and developers within the Major Improvement Area. See “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

Pursuant to 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 Major Improvement Area 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 Major Improvement Area Assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. Pursuant to the PID Act, the Assessment Lien is a first and prior lien against the Major Improvement Area Assessed Property, 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 covenants to collect, or cause to be collected, Major Improvement Area 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 Major Improvement Area Assessment Roll and a calculation of the Annual Installment for each Parcel of Major Improvement Area Assessed Property. Annual Collection Costs shall be allocated among all Parcels of Major Improvement Area Assessed Property in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City covenants, agrees, and warrants that, for so long as any Bonds are Outstanding, it will take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area 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 Major Improvement Area Assessments. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Major Improvement Area Assessments.”

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of, the City to the owners of the Major Improvement Area Assessed Property 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 Major Improvement Area Assessment or the corresponding Major Improvement Area Assessed Property. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Major Improvement Area Assessments.”

The City will implement the basic timeline and procedures for Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Major Improvement Area Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Assessment Amounts

The amounts of the Major Improvement Area Assessments have been established by the methodology described in the Service and Assessment Plan. The Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Parcel of Major Improvement Area Assessed Property. The Major Improvement Area Assessments may not exceed the amounts shown on the Major Improvement Area Assessment Roll. The Major Improvement Area Assessments will be levied against the Parcels of Major Improvement Area Assessed Property as indicated on the Major Improvement Area Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan."

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

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

Method of Apportionment of Major Improvement Area Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Major Improvement Area Assessments shall be initially allocated to the Parcels consisting of the Major Improvement Area Assessed Property based on the ratio of the Estimated Buildout Value of each Parcel of Major Improvement Area Assessed Property to the Estimated Buildout Value of all Parcels of Major Improvement Area Assessed Property.

Division Prior to Recording of Subdivision Plat. Upon the division of any Major Improvement Area Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to the division among the newly divided Improvement Area #1 Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Major Improvement Area Assessment for the newly divided Major Improvement Area Assessed Property

B = the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Major Improvement Area Assessed Property

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

The calculation of the Estimated Buildout Value of a Major Improvement Area Assessed Property shall be performed by the Administrator based on information from the Developer, homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Major Improvement Area Assessed Property. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Major Improvement Area Assessments for all newly divided Major Improvement Area Assessed Properties shall equal the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Major Improvement Area Assessed Property. The reallocation of a Major Improvement Area Assessment for an Major Improvement Area Assessed Property that is a homestead under Texas law may not exceed the Major Improvement Area Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Subdivision by a Recorded Subdivision Plat. Upon the subdivision of any Major Improvement Area Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Major Improvement Area Assessment for the newly subdivided Lot

B = the Major Improvement Area Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Major Improvement Area Assessments for all newly subdivided Lots shall not exceed the Major Improvement Area Assessment for the portion of the Major Improvement Area Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Major Improvement Area Assessed Property. The reallocation of a Major Improvement Area Assessment for an Major Improvement Area Assessed Property that is a homestead under Texas law may not exceed the Major Improvement Area Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Consolidation. If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Major Improvement Area Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Major Improvement Area Assessed Property may voluntarily prepay (a “Prepayment”), at any time, all or part of a Major Improvement Area Assessment levied against such owner’s Major Improvement Area 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 a Major Improvement Area Assessment are not to be considered a Prepayment but rather are to be treated as payment of regularly scheduled Major Improvement Area Assessments.

Priority of Lien

The Major Improvement Area Assessments or any reassessment, the expense of collection, and reasonable attorney’s fees, if incurred, constitute a first and prior lien against the Major Improvement Area Assessed Property, 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 Major Improvement Area Assessed Property regardless of whether the owners are named. The lien is effective from the date of adoption of the Assessment Ordinance until the Major Improvement Area 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 Major Improvement Area Assessed Property may pay the entire Major Improvement Area 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 Major Improvement Area 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 Annual Installment or Annual Installments of an Major Improvement Area Assessment will be subject to the lien established for remaining unpaid installments of the Major Improvement Area 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 Major Improvement Area 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 Holders of the Bonds Similarly Secured, including 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 Similarly Secured, including 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 Major Improvement Area Assessment on the corresponding Major Improvement Area Assessed Property.

In the Indenture, the City covenants to take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area 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 Major Improvement Area Assessments, provided that the City is not required to expend any funds for collection and enforcement of Major Improvement Area Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the

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

The Delinquency and Prepayment Reserve Account of the Reserve Fund will be funded 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 SIMILARLY SECURED – Reserve Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C – Form of Service and Assessment Plan.”

THE CITY

Background

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

The City provides the following primary services: police protection, emergency medical services, public works, street maintenance, parks, library and utility (water, sewer and garbage) service.

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and the City’s Home Rule Charter. The City’s Home Rule Charter was approved by voters in 1973 and last amended at an election held in November 2024. The City operates under a Manager-Council form of government with a City Council comprised of the Mayor and six Councilmembers elected for staggered three-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer of the City.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof.

General information regarding the City and the surrounding area can be found in “APPENDIX A – General Information Regarding the City and Surrounding Area.”

Water and Wastewater

The City will provide water and sewer services to the District. The City owns and maintains its own water treatment system. The City’s existing water wells have a firm capacity of 3.43 million gallons per day (“MGD”); receives up to 3,000 acre-feet of treated water, equivalent to 2.67 MGD, from the Carrizo Groundwater Supply Project; and receives an additional 1 MGD of treated surface water from the City of Luling, for a total existing treated supply capacity of 7.1 MGD.

The City owns and maintains its own water distribution system. The Developer constructed connections to two 12-inch diameter water taps on FM 1322 and constructed 8-inch and 12-inch distribution system water mains throughout the subdivision to provide sufficient looping of the system.

The City owns and maintains its own wastewater treatment system consisting of two wastewater treatment plants. Wastewater Treatment Plant (“WWTP”) No. 1 (Larremore Plant) has a design capacity of 1.1 MGD and a peak capacity of 4.0 MGD. WWTP No. 2 (FM 20 Plant) has a design capacity of 1.5 MGD and a peak capacity of 4.5 MGD. The combined capacity design of both plants is 2.6 MGD with a peak capacity of 8.5 MGD. Whenever flow measurements for any domestic sewage treatment facility reach 75% of the permitted daily average or annual average

flow for three consecutive months, the permittee must initiate engineering and financial planning for expansion. Whenever flow reaches 90% of the permitted daily or annual average flow for three consecutive months, the permittee must obtain necessary authorization to commence construction. Both WWTPs have been operating below the triggering thresholds.

The City owns and maintains its own wastewater collection system. The Developer installed a Regional Wastewater Lift Station that is designed to handle the wastewater of the entire Development and can be expanded to serve areas beyond the Development. The Regional Wastewater Lift Station discharges into a 14" force main that connects to the City's gravity wastewater system at Blackjack Street (FM 20).

The City engineer analyzed the Development and coordinated with the Developer's engineering team and the City Public Works Director to review the feasibility and design related to water and sanitary sewer service to the Development. In August 2024, the City adopted its Water and Wastewater ("W/WW") Master Plan to ensure the City's water and wastewater systems maintain compliance with local and state regulations. The W/WW Master Plan is a planning tool for system improvements for anticipated growth. See "THE DEVELOPMENT – Utilities."

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 public improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on October 15, 2024 (the "Creation Resolution"), for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Major Improvement Area 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 in a phase. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-v.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake or reimburse a property owner or developer for the costs of, the financing, acquisition, construction or improvement of the Major Improvement Area Improvements. See "THE MAJOR IMPROVEMENT AREA 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 the Major Improvement Area Improvements 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 the Trust Estate, consisting primarily of revenue from the Major Improvement Area Assessments. See "ASSESSMENT PROCEDURES," "THE MAJOR IMPROVEMENT AREA IMPROVEMENTS," and "APPENDIX C – Form of Service and Assessment Plan."

THE MAJOR IMPROVEMENT AREA IMPROVEMENTS

General

The Developer is responsible for the construction, acquisition, or purchase of the Major Improvements, and the Developer or its designee will act as construction manager. The costs of the Major Improvement Area Improvements is being funded with proceeds of the Bonds. The balance of the costs of the Major Improvements has

been or will be paid by the Developer, without reimbursement by the City. See “APPENDIX C – Form of Service and Assessment Plan.”

Major Improvement Area Improvements

The Major Improvement Area Improvements consist of the Major Improvement Area’s allocable share of the Major Improvements, described below.

Roadway Improvements. The roadway improvements include (i) subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the Seawillow Phase 1 Collector right-of-way, and (ii) improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way directly related to facilitating the left turn lane within FM 1322. The roadway improvements will provide benefit to each Lot within the District.

Water Improvements. The water improvements include (i) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under the Seawillow Phase 1 Collector, and (ii) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under FM 1322. The water improvements will provide benefit to all Lots within the District.

Drainage Improvements. The wastewater improvements include (i) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to facilitate the proposed construction of the wastewater gravity line to the lift station, (ii) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring and testing for the construction of the force main between the regional lift station and the connection to the existing city sanitary sewer system on Black Jack Road, and (iii) wet well, pumps, driveway construction, related earthwork, excavation, erosion control and all necessary appurtenances required to construct the regional lift station. The wastewater improvements will provide benefit to all Lots within the District.

Soft Costs. Costs related to District Formation and designing, constructing, and installing the Major Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees that are not direct construction costs.

The following table reflects the component and total costs of the Major Improvement Area Improvements. ⁽¹⁾

	Major Improvement Area Projects
Roadway	\$1,557,440
Water	344,899
Wastewater	3,087,201
District Formation	1,213,235
Soft Costs	1,226,945
Total	\$7,429,720

⁽¹⁾ Derived from the Service and Assessment Plan. Totals may not sum correctly due to rounding. See “APPENDIX C – Form of Service and Assessment Plan.”

The total cost of the Major Improvement Area Improvements is expected to be approximately \$7,429,720. A portion of the proceeds of the Bonds is expected to be used to reimburse the Developer for all* costs of the Major Improvement Area Improvements. The Developer is funding costs of the Major Improvements with proceeds of the Construction Loan. See THE DEVELOPER – History and Financing of the District.”

Ownership and Maintenance of Major Improvement Area Improvements

The Major Improvement Area Improvements will be dedicated to and accepted by the City and will constitute a portion of the City’s infrastructure improvements. Upon and after dedication, the City will provide for the ongoing maintenance and repair of the Major Improvement Area Improvements. See “THE CITY – Water and Wastewater.”

THE DEVELOPMENT

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

Overview

The Developer purchased approximately 89.769 acres on August 31, 2021, such acreage comprising Improvement Area #1 of the District. On September 30, 2024, the MIA Lot Developer purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area. Red Oak, an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also “THE DEVELOPER.”

The Development consists of approximately 588.547 acres in the corporate boundaries and extra-territorial jurisdiction of the City. The Development is being developed in eight phases as a master planned development to include approximately 2,332 single-family detached residential lots consisting of 40’, 45’, 50’, 60’, and 70’ front footage lots; up to 95 single-family attached 25’ townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8’ wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district. See the concept plan on page v.

Development Plan

The Developer is constructing the Improvement Area #1 Improvements and the Major Improvements. Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50’ front footage lots. The Developer is constructing the Improvement Area #1 Improvements in two phases, consisting of 203 lots in Phase 1 and 211 lots in Phase 2. The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026. The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements.

* Preliminary, subject to change.

Expected Lot Buildout and Absorption and Home Prices in the District

The following tables reflect the Developer's expectations with respect to lot buildout and absorption timing and lot and home prices, respectively, in the District.

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Expected Buildout and Absorption of Lots in the District

	<u>Lot Size</u>	<u>Number of Lots</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Expected Initial Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Final Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Initial Sale Date of Single-Family Homes to Homeowners</u>
<u>Improvement Area #1</u>						
Phase 1	50'	203	January 2026	February 2026	February 2027	July 2026
Phase 2	50'	<u>211</u>	June 2026	June 2026	December 2029	December 2026
		414				
<u>Improvement Area #2</u>	25'	47	June 2027	July 2027	December 2029	September 2027
	35'	97				
	40'	100				
	45'	<u>70</u>				
		314				
<u>Improvement Area #3</u>	25'	47	September 2028	October 2028	September 2030	July 2029
	35'	105				
	40'	100				
	45'	<u>62</u>				
		314				
<u>Improvement Area #4</u>	35'	93	June 2030	July 2030	October 2032	November 2030
	40'	131				
	45'	76				
	50'	15				
	60'	5				
	70'	<u>5</u>				
		325				
<u>Improvement Area #5</u>	40'	80	September 2031	October 2031	September 2033	April 2032
	45'	52				
	50'	118				
	60'	15				
	70'	<u>5</u>				
		270				
<u>Improvement Area #6</u>	40'	91	December 2032	January 2033	September 2034	May 2033
	45'	37				
	50'	115				
	60'	20				
	70'	<u>7</u>				
		270				
<u>Improvement Area #7</u>	40'	42	June 2033	July 2033	September 2035	December 2033
	45'	25				
	50'	130				
	60'	15				
	70'	<u>8</u>				
		220				
<u>Improvement Area #8</u>	40'	21	June 2034	July 2034	September 2036	December 2034
	45'	28				
	50'	131				
	60'	15				
	70'	<u>10</u>				
		205				
		<u>2,332</u>				

Expected Lot and Home Prices in the District

	<u>Lot Type</u>	<u>Number of Lots</u>	<u>Expected Lot Prices</u>	<u>Expected Home Prices</u>
<u>Improvement Area #1</u>	50' Detached	414	\$65,000 - \$72,500 ⁽¹⁾	\$325,000
<u>Improvement Area #2</u>	25' Townhome	47	\$52,500	\$278,000
	35' Alley	97	\$65,000	\$290,000
	40' Alley	100	\$72,000	\$310,000
	45' Alley	<u>70</u>	\$75,000	\$325,000
		314		
<u>Improvement Area #3</u>	25' Townhome	47	\$55,000	\$285,000
	35' Alley	105	\$69,000	\$345,000
	40' Alley	100	\$77,000	\$385,000
	45' Alley	<u>62</u>	\$80,000	\$400,000
		314		
<u>Improvement Area #4</u>	35' Alley	93	\$79,000	\$395,000
	40' Alley	131	\$88,000	\$440,000
	45' Alley	76	\$90,000	\$450,000
	50' Detached	15	\$106,000	\$530,000
	60' Detached	5	\$137,000	\$685,000
	70' Detached	<u>5</u>	\$145,000	\$725,000
		325		
<u>Improvement Area #5</u>	40' Alley	80	\$94,000	\$470,000
	45' Alley	52	\$96,000	\$485,000
	50' Detached	118	\$120,000	\$600,000
	60' Detached	15	\$140,000	\$705,000
	70' Detached	<u>5</u>	\$154,000	\$765,000
		270		
<u>Improvement Area #6</u>	40' Alley	91	\$100,000	\$500,000
	45' Alley	37	\$102,000	\$505,000
	50' Detached	115	\$130,000	\$650,000
	60' Detached	20	\$144,000	\$725,000
	70' Detached	<u>7</u>	\$158,000	\$795,000
		270		
<u>Improvement Area #7</u>	40' Alley	42	\$115,000	\$575,000
	45' Alley	25	\$121,000	\$585,000
	50' Detached	130	\$139,000	\$695,000
	60' Detached	15	\$147,000	\$740,000
	70' Detached	<u>8</u>	\$162,000	\$830,000
		220		
<u>Improvement Area #8</u>	40' Alley	21	\$120,000	\$575,000
	45' Alley	28	\$125,000	\$595,000
	50' Detached	131	\$144,000	\$710,000
	60' Detached	15	\$150,000	\$755,000
	70' Detached	<u>10</u>	\$167,000	\$860,000
		205		
		<u>2,332</u>		

⁽¹⁾ Excludes contractual price escalations.

The Amenities and Private Improvements

In addition to the Major Improvements and the Improvement Area #1 Improvements, the Developer will construct the Private Improvements and the Amenities. The Private Improvements include lot excavation, electrical improvements, construction material testing, developer fees, geotechnical reports, landscape, irrigation, entries, and the private allocation of the Phase 1 turn lane (6.28%). The “Amenities” include an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces, approximately 2,500 linear feet of 8’ concrete hike and bike trails (both to be completed in the third phase of development), playgrounds, a splash pad, open space, creek bed, and parks. See “– Development Agreement.”

The Amenities and storm water detention ponds and related facilities, entries and signage, open spaces, common areas, right-of-way irrigation and landscaping, screening walls, and exterior fencing will be owned, operated, and maintained by the HOA. See “OVERLAPPING TAXES AND DEBT – Homeowners’ Association Dues.”

Future Improvement Areas and Future Improvement Area Obligations

The Developer and the MIA Lot Developer expect to request that the City issue Future Improvement Area Obligations to finance the costs of public improvements within the Future Improvement Areas of the District as the development proceeds. The Future Improvement Area Obligations, if any, will be secured by separate assessments, separate and distinct from the Major Improvement Area Assessments, levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas that benefit from the public improvements being financed.

Lot Purchase Agreements and Letter of Intent within the District

The Developer has entered into the Hakes Bros LOI and the Improvement Area #1 Lot Purchase Agreements with the Improvement Area #1 Homebuilders for 290 of the planned 414 Lots within Improvement Area #1.

The following table reflects the names of the Improvement Area #1 Homebuilders and the number of lots to be purchased pursuant to the Hakes Bros LOI and both Improvement Area #1 Lot Purchase Agreements. It is noted that the lot purchase agreement with Adams is currently in the feasibility period. [The feasibility period continues until February __, 2026]. **No assurance can be given that Adams will continue with its contract after the feasibility period.**

<u>Homebuilder</u>	<u>Number of Lots</u>
CastleRock	110
Adams	115
Hakes Bros.	<u>65</u>
	290

The MIA Lot Developer has not yet executed lot purchase agreements for lots in the Major Improvement Area.

Development Agreement

The City and the Developer entered into the Development Agreement which sets forth, among other things, (i) the agreement to construct the Improvement Area #1 Improvements and the Major Improvements within the District in accordance with the construction standards set forth therein, (ii) the ownership, operation, and maintenance of the Improvement Area #1 Improvements and the Major Improvements, and (iii) the reimbursement to the Developer or its affiliates, including the MIA Lot Developer, for the costs to construct the Authorized Improvements in the District in an amount not to exceed \$150,000,000 from proceeds of PID Bonds (defined therein). See “APPENDIX F – Development Agreement.”

The Development Agreement requires that the issuance of any PID Bonds is subject to the following conditions:

- For PID Bonds issued to fund construction of public improvements in Improvement Area #1, which may include a pro-rata portion of the Major Improvements benefitting such improvement area, a minimum value to lien ratio of 2:1 based on the anticipated final lot values as provided in a third-party appraisal;
- For PID Bonds issued to fund construction of Major Improvements and local improvements in phases subsequent to Improvement Area #1, a minimum value to lien ratio of 3:1 based on the anticipated final lot values as provided in a third-party appraisal;
- A maximum tax rate equivalent of Assessments, including the Major Improvement Area Assessments, taking into account the TIRZ Annual Credit Amount, of \$1.25 per \$100 of assessed valuation assuming the Estimated Buildout Value of the applicable parcels; and
- A maximum maturity date of 35 years.

The City also agrees in the Development Agreement to the following:

- Create the TIRZ and contribute (i) twenty three percent (23%) of the City ad valorem tax increment generated within the TIRZ in years 2026-2035 and twenty-eight and one half percent (28.5%) of the City ad valorem tax increment generated within the TIRZ in years 2036-2065 within each phase (the “City Tax Increment”), whether the Initial Phase or any Subsequent Phase, for which an Assessment for local or zone improvements has been levied for such phase within thirty (30) years in the TIRZ to offset special assessments.
- Provide a maximum of 2,786 living unit equivalents, which is an average daily flow of 200 gallons per day for water and 200 gallons per day for wastewater, of water and wastewater capacity to the Development.
- Expand the City’s Certificate of Convenience and Necessity (“CCN”) for water and wastewater to include the entire Development, including obtaining approval from the Texas Public Utility Commission by December 31, 2027, for the additional 141 acres owned by the MIA Lot Developer and not located within Improvement Area #1, and by December 31, 2031, for the remaining property in the District.
- None of Developer funds, PID funds, or TIRZ funds shall be used to pay the costs of any oversizing of public improvements.

The Development Agreement obligates the Developer to the following:

- Pay Aqua for release of its CCN in the estimated amount of \$4,815,701.59 due upon the PUC’s adoption of an order granting the transfer application and expiration of the time for any appeals.
- Reimburse the City for actual costs for legal and engineering to obtain PUC approval.
- Dedicate approximately 71.59 acres to the City for parks and community facilities, including a school site. The Developer has dedicated approximately 25 acres to Lockhart ISD.
- Construct approximately 2,500 linear feet of 8’ concrete hike and bike trails in the third phase of development.

- Construct seven half-acre pocket parks with approximately \$100,000 of improvements in each, including a minimum of six parking spaces.
- In the third phase of development, construct an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces;
- Construct storm water detention facilities so that they can provide recreational opportunities.
- Dedicate approximately 3 acres to the City for public safety or other City purposes other than water or sewer treatment.
- Pay \$5,000,000 to the City as a contribution toward costs of certain off-site Authorized Improvements and compensation for the District's consumption of existing capacity in the City's wastewater treatment plant, \$450,000 payable prior to final plat of phase 2, and \$4,550,000 payable prior to final plat for phase 3 of the Development, such payment to be credited against wastewater impact fees owed by the MIA Lot Developer or future builders.
- Pay not more than \$6,383,000 to the City as a contribution to the cost of design and construction of a 1-million-gallon elevated water storage tank and compensation for the District's consumption of existing capacity in the City's water treatment plant, \$600,000 payable prior to final plat of phase 2, and \$5,783,000 prior to final plat of phase 3 of the Development.
- Contribute 15% of the cost to design and construct the expansion and replacement of 13,700 linear feet of 21" sewer line, estimated cost to the Developer of \$1,567,620. The expansion and replacement are expected to occur in Phase 4 or Phase 5 of the Development.
- Provide the City with a tract to accommodate the location, construction, and operation of a minimum 1 million water storage tank. See the Concept Plan on page v for the expected location of such tract in "Phase 2."
- Provide the City with access easements to mutually acceptable sites within the Development for test wells and permanent easements for a maximum of three producing groundwater wells, such sites not to alter Concept Plan.

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The following table from the Development Agreement shows the responsibilities for payment of costs of various public improvements, some of which are not eligible to be funded through the District. See “APPENDIX F – Development Agreement.”

Infrastructure Item	Construction Responsibility	Cost Responsibility
Exhibit J - Water		
Elevated storage tank	City	Developer contributes \$ 6.383 million as described in Section 7.1(b);
Phase 1 Collector to water tank	Developer	Developer (PID funded/Developer dollars)
Phase 1 Extend 12" watermain on FM1322	Developer	Developer (PID funded/Developer dollars)
Exhibit K - Wastewater		
Treatment Plant Expansion	City	Developer contributes \$5 million as described in Section 7.1(a); remaining costs are City expense
Upsizing of 21" existing Gravity Sewer Interceptor	City	City to upsize with City funds provided that Developer will contribute 15% of the overall cost of such interceptor as described in Section 7.2(d)
Phase 1 Connect Force main to Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Sanitary Force main	Developer	Developer (PID funded/Developer dollars)
Phase 2 Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 12" Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Regional Lift Station	Developer	Developer (PID funded/Developer dollars)
Exhibit L1 – Off-site Roadway		
All items	Developer	Developer (PID funded/Developer dollars)

Photographs of the District

Photographs of the District are included in “APPENDIX H – Photographs of the District.”

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of the Major Improvement Area of the District will be governed by the provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City. The development of the property in the Major Improvement Area will be governed by the concept plan for the District and the Development Agreement. See the concept plan on page v.

Education

The District is located within Lockhart ISD. Lockhart ISD operates one early education center, six elementary schools, one junior high school, and two high schools. Students within the District are expected to attend Navarro Elementary School (approximately 3 miles from the District), Lockhart Junior High School (approximately 5 miles from the District), and either Lockhart High School (approximately 3 miles from the District) or Lockhart Pride High School (approximately 3.5 miles from the District). Lockhart ISD will construct a junior high school within the District which is expected to open to students in fall 2027.

GreatSchools.org rates Navarro Elementary School 4 out of 10, Lockhart Junior High School 4 out of 10, Lockhart High School 3 out of 10, and Lockhart Pride High School 2 out of 10. According to the Texas Education Agency accountability reports for the 2024-2025 school year, Lockhart ISD and Navarro Elementary School were rated “D” and Lockhart Junior High School, Lockhart High School, and Lockhart Pride High School were rated “C.” (The categories for public school districts and public schools are A, B, C, D or F).

Environmental

Site Evaluation. A Phase I Environmental Site Assessment (the “Phase I ESA”) of approximately 515.54 acres, including the property within the Major Improvement Area of the District, dated July 31, 2023, was delivered by ECS Southwest, LLP. The Phase I ESA did not reveal any evidence of recognized environmental conditions (historical or controlled) in connection with the subject property, which includes the land in the Major Improvement Area.

Endangered and Threatened Species. According to the website for the Texas Parks and Wildlife Department, the following land-based endangered and threatened species are known or believed to occur in Caldwell County:

Endangered: *amphibians:* Texas blind salamander, Houston toad; *birds:* whooping crane, interior least tern; *fish:* fountain darter; *mollusks:* Guadalupe orb, false spike.

Threatened: *amphibians:* San Marcos Salamander; *birds:* white-faced ibis, wood stork, swallow-tailed kite, black rail, piping plover, rufa red knot, yellow-billed cuckoo; *fish:* headwater catfish, Guadalupe darter; *reptiles:* Cagle’s map turtle, Texas horned lizard.

The Developer is not aware of any endangered or threatened species located on property within the Major Improvement Area.

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

There are certain mineral rights exceptions of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. The Developer is not aware of any ongoing mineral rights development or exploration adjacent to the District.

While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Additionally, any drilling within the City limits must comply with Chapter 38 of the City’s Code of Ordinances, including the requirement to obtain a permit and certain required setbacks from residences, schools, and other facilities. The property within Improvement Area #1 is within the City limits. Property within the Major Improvement Area is expected to be annexed into the City limits in phases as development progresses.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the Major Improvement Area of the District to pay Major Improvement Area Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Third-Party Property Rights.”

Flood Plain

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains. See “BONDHOLDERS’ RISKS – Flood Plains.”

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the District. See “THE CITY – Water and Wastewater.”

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Cable/Data	Centric Fiber
Electric	Bluebonnet Electronic Cooperative
Gas	Centric

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 data and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by 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 and the MIA Lot Developer

RODG DT Seawillow PropCo LLC, a Texas limited liability company, is the MIA Lot Developer in the Major Improvement Area of the District. Red Oak is the majority member of the general partner of the MIA Lot Developer, which general partner has 100% of the voting rights with respect to the MIA Lot Developer. Tom Staub is the manager of Red Oak.

Red Oak is also the manager of the Developer with 100% of the voting rights.

The MIA Lot Developer was created for the purpose of managing and conveying the property within the Major Improvement Area to third parties. The MIA Lot Developer will have no source of funds with which to pay Major Improvement Area Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the Major Improvement Area of the District or funds advanced to the MIA Lot Developer by an affiliated party.

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Examples of projects undertaken by Red Oak include the following:

Name of Project	Location	Description	Status of Development
Pepper Creek Crossing	Temple, Texas	Single Family Residential	Development complete
The Johnson	Cleveland, Ohio	Class B Apartments	Development complete
Honeysuckle Phase 1 and 2	Williams, Arizona	Single Family Residential	Development complete
Meadowview Estates	Luling, Texas	Single Family Residential	Development complete
Sherman 50	Sherman, Texas	Single Family Residential	Development complete
Georgetown Commercial	Georgetown, Texas	Commercial pad-site development	Development complete
Cedar Ridge Townhomes	Arlington, Texas	Class B Multifamily	Development complete
Mesquite Cartwright Medical Office Building	Mesquite, Texas	Multi-Tenant Medical Office	Development complete
Royal Sienna	Missouri City, Texas	Class A Luxury Multifamily	Development complete
The Lakes at Renaissance	Austin, Texas	Class B Multifamily	Development complete
Temple Flex Industrial	Temple, Texas	Flex Industrial	In entitlements
Prairie Lea	Caldwell County, Texas	Single Family Residential	In entitlements
The Gristmill	Caldwell County, Texas	Single Family Residential	In entitlements
Seguin 80	Seguin, Texas	Single Family Residential	In entitlements
Dale 25	Dale, Texas	Single Family Residential	Development complete
Pinehaven	Flagstaff, Arizona	Residential (condos and townhomes)	In entitlements

Executive Biographies of Principals of the Developer

Tom Staub. Tom Staub is the Chief Executive Officer of Red Oak. As CEO, Tom oversees the underwriting of projects, financial planning, debt and equity strategy, company growth and mission, and is focused on the viability of projects, partnerships, and land use strategy.

David Teo. David Teo is a partner at Red Oak. He oversees capital strategy which includes structuring project capital stack, compliance, and investor management. David is also responsible for developing strategic partnerships with commercial developers and businesses to development commercial products within Red Oak's master planned communities.

Mike Miller. Mike Miller is Executive Vice President of Real Estate and Community Development at Red Oak. Mike oversees builder partnerships and negotiations, commercial partnership executions, homeowners' association formation and execution, homeowners' association covenants, conditions, and restrictions and architectural standard compliance, construction partnerships and negotiations, and land acquisition feasibility and underwriting. Prior to joining Red Oak, Mike was Senior Vice President of the Land Division at the Signorelli Company, one of Houston's largest land development companies, overseeing the master planned community division. Prior to Signorelli, Mike was Vice President at Ashlar Development, held roles in land acquisition for Taylor Morrison and CalAtlantic Homes. Mike has a Master's Degree in Real Estate Development from Texas A&M University.

History and Financing of the District

Acquisition of Land Within the District. The Developer purchased approximately 89.775 acres constituting Improvement Area #1 in August 2021.

The MIA Lot Developer purchased approximately 141.2 acres within the Major Improvement Area in September 2024 using a loan from Capstone Fund, LLC in the original principal amount of \$6,300,000 (the "Acquisition Loan"). The Acquisition Loan is secured by the 141.2 acres owned by the MIA Lot Developer in the

Major Improvement Area of the District and additional land owned by a Red Oak affiliate. Red Oak is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 175 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 182 acres to be purchased by July 2029. As of January 1, 2026, the Acquisition Loan is currently outstanding in the amount of \$6,300,000.

Improvement Area #1 Improvements and Major Improvements Construction Financing. The Developer obtained a construction loan (the “Construction Loan”) in the principal amount of \$23,800,000 in October 2024 from Techo Funding, LLC, a Delaware limited liability company. The Construction Loan is secured by a deed of trust on all real property in Improvement Area #1 of the District. The Construction Loan matures on May 1, 2027. As of January 1, 2026, the outstanding balance of the Construction Loan is \$16,484,789.34. The Construction Loan is not secured by any property in the Major Improvement Area.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the purchase of land in the Major Improvement Area, the MIA Lot Developer has 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 Major Improvement Area Assessments securing the Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Major Improvement Area Assessments is listed in the following table and more fully described above.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Amount	Outstanding Balance
Capstone Fund, LLC	Promissory Note	Acquisition Loan	Deed of Trust on 141.2 acres in Major Improvement Area owned by Developer	subordinate	\$6,300,000	\$6,300,000
Total Outstanding Balance of Loans Secured by a Subordinate Lien Against Real Property within the Major Improvement Area of the District as of January 1, 2026:						\$6,300,000

The PID Act provides that the Assessment Lien is a first and prior lien against the Major Improvement Area 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 prior to delivery of the Bonds, Capstone Fund, LLC, will acknowledge the creation of the District, the levy of the Major Improvement Area Assessments, and the subordination of the liens securing the Acquisition Loan to the Assessment Lien. As provided by the PID Act and acknowledged by Capstone Fund, LLC, the Assessment Lien will have priority over the liens on the property within the Major Improvement Area of the District securing the Acquisition Loan, and any other loans that may be obtained by the Developer, the MIA Lot Developer, or their affiliates.

THE ADMINISTRATOR

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

The City has selected P3Works, LLC, as the Administrator. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston, and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel identification numbers 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 public improvement costs.

APPRAISAL

General. Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report for the City dated August 6, 2025, based upon a physical inspection of the District conducted on June 30, 2025 (the "Appraisal"). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in the Major Improvement Area of the District in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value and do not address the value or benefit of the Major Improvement Area Improvements. Investors should not assume that the disposition of the lots in the Major Improvement Area of the District in the event of default would provide sufficient funds to pay the principal of the Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the Major Improvement Area of the District. The Appraisal is attached hereto as APPENDIX I 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 I – Appraisal."

Value Estimates. The Appraiser estimated the "as is" market value as of June 30, 2025, of the fee simple interest in the 1,918 paper lots in the Major Improvement Area of the District. See "APPENDIX I – Appraisal."

Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, the "as is" market value as of June 30, 2025, of the fee simple interest in the 1,918 paper lots in the Major Improvement Area of the District, is \$30,688,000.*

None of the City, the Developer, the Financial Advisor, or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions and qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized and none of the City, the Developer, or the Underwriter make any representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City's employees, representatives, and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions, and other matters, many of which are beyond the Appraiser's control and the City's control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser's appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's internal forecasts of net operating income for the properties in the Major Improvement Area of the District is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. 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.

BONDHOLDERS' RISKS

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

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. See “– Limited Secondary Market for the Bonds.”

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. See “– No Credit Rating.”

Deemed Representations and Acknowledgment by Initial Purchasers

Each Initial Purchaser will be deemed to have acknowledged and represented to the City the matters set forth under the heading “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS’ RISKS” and elsewhere herein, and each Initial Purchaser, 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 Initial Purchaser can afford a complete loss of its investment in the Bonds.

General Factors relating to Payment of the Bonds

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City’s control. These factors include, among others, (a) the ability or willingness of property owners within the Major Improvement Area of the District to pay Major Improvement Area Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions 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 Improvement Area #1 of 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 Major Improvement Area of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the land within the Major Improvement Area of the District should proceed more slowly than expected and the MIA Lot Developer or a Landowner is unable to pay the Major Improvement Area Assessments, only the value of the Major Improvement Area 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 Major Improvement Area of 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.

Assessment Limitations

Annual Installments of Major Improvement Area Assessments are billed to owners of Major Improvement Area Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as described 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 the Bonds maturing in each year, interest, Additional 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 Major Improvement Area Assessments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a

Reserve Account in the Reserve Fund, 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 Major Improvement Area Assessed Property within the District, any Major Improvement Area Assessment that is 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 Major Improvement Area Assessments, the liens securing such delinquent ad valorem taxes and delinquent Major Improvement Area Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Major Improvement Area 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 Annual Installments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future Annual Installments 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 Pre-existing Homestead Rights were properly claimed prior to the adoption of the Assessment Ordinance for as long as such Pre-existing Homestead Rights are maintained on the property. It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights are expected to have been claimed. Furthermore, the MIA Lot Developer is not eligible to claim homestead rights and, because currently there are no homes within the Major Improvement Area, the Landowners are not eligible to claim homestead rights. The MIA Lot Developer and the Landowners have represented that they will own all property within the Major Improvement Area of the District as of the date of adoption of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Major Improvement Area Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien 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 Major Improvement Area 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 MAJOR IMPROVEMENT AREA 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 MAJOR IMPROVEMENT AREA ASSESSED PROPERTY.

Direct and Overlapping Indebtedness, Major Improvement Area Assessments, and Taxes

The ability of an owner of Major Improvement Area Assessed Property to pay the Major Improvement Area 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

Major Improvement Area of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the Major Improvement Area of the District. The imposition of additional liens, whether from taxes, assessments, or for private financing, may reduce the ability or willingness of the landowners to pay the Major Improvement Area Assessments. See “OVERLAPPING TAXES AND DEBT.”

Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account

Failure of the owners of Major Improvement Area Assessed Property to pay the Major Improvement Area Assessments when due could result in the rapid, total depletion of the Reserve Account and the Delinquency and Prepayment Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS SIMILARLY SECURED – 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, as described under “SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund.” The Indenture also provides that if the amount on deposit in the Delinquency and Prepayment Reserve Account shall at any time be less than the Delinquency and 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 Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that the City shall not be required to replenish the Delinquency and Prepayment Reserve Account in the event funds are transferred from the Delinquency and 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 SIMILARLY SECURED – Reserve Fund.”

Lien Foreclosure and Bankruptcy

The payment of Major Improvement Area Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area Assessments might not be paid in full. See “OVERLAPPING TAXES AND DEBT.”

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds Similarly Secured, including the Bonds, or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of a Quarter in Interest of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds Similarly Secured 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 Similarly Secured cannot themselves foreclose on property within the Major Improvement Area of the District in order to pay the principal of and interest on the Bonds Similarly Secured. The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured 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 Major Improvement Area of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Major Improvement Area Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued,” in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the Holders 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 Similarly Secured 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 (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to Holders of the Bonds Similarly Secured, including 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 Similarly Secured 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 Major Improvement Area of the District available to pay debt service on the Bonds Similarly Secured may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments, and Major Improvement Area 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 Similarly Secured, including the Bonds, or the Indenture.

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the Holders of the Bonds Similarly Secured, including the Bonds, may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 (“Chapter 9”). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the Holders of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City’s debt. The City cannot predict a Bankruptcy Court’s treatment of the Holders’ creditor claim and whether a Holder would be repaid in full.

State Law Requiring Notice of Major Improvement Area Assessments; Failure of Developer and Homebuilders to Deliver Required Notice Pursuant to Texas Property Code

The 87th Legislature passed HB 1543, which became effective September 1, 2021, 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 a homebuilder does not provide the required notice and prospective purchasers of property within the Major Improvement Area of 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 Major Improvement Area Assessments on such property may be paid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." 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 a homebuilder does 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 Exhibit M to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX C – Form of Service and Assessment Plan."

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State, including two special sessions, ended on September 4, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

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 a Holder 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 Holders of the Bonds, depending on the progress of development of the Major Improvement Area Assessed Property, existing real estate and financial market conditions, and other factors.

No Credit Rating

The City has not applied for or received a credit rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to their 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.

Adverse Developments Affecting the Financial Services Industry

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. In the recent past troubled financial

institutions have been closed and/or swept into receivership by the Federal Deposit Insurance Corporation (“FDIC”) or acquired by or received cash rescue packages from more solvent financial institutions. Borrowers under credit agreements, letters of credit, and certain other financial instruments with any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts for an unspecified period.

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in any lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders will be subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer or the MIA Lot Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Major Improvement Area Assessments are an imposition against the land only. None of the Developer, the MIA Lot Developer, the Landowners, or any other subsequent landowner is a guarantor of the Major Improvement Area Assessments and the recourse for the failure of the MIA Lot Developer, a Landowner, or any other landowner to pay the Major Improvement Area Assessments is limited to the collection proceedings against the land as described herein.

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the MIA Lot Developer, the Landowners, homebuilders, and any subsequent owners to pay the Major Improvement Area Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Major Improvement Area 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 Major Improvement Area 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. It is difficult to determine what effects the on-again, off-again tariffs imposed by the federal administration and retaliatory tariffs against the United States will have on 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 and Labor Shortages

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the Developer and homebuilders to estimate costs. If the Actual Costs of the Major Improvement Area Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Major Improvement Area Improvements, of homebuilders to construct homes, or the Developer or homebuilders to pay the Major Improvement Area Assessments when due. See "THE DEVELOPER – History and Financing of the District." If the cost of materials remains high or increases, it may affect the ability of homebuilders to construct homes within the Major Improvement Area of the District.

The federal administration's immigration policies may impact the State's workforce. Undocumented construction workers make up a large percentage of construction workers in the State. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages, particularly in construction. Labor shortages will impact the Developer's ability to estimate costs and to complete the Major Improvement Area Improvements and homebuilders' ability to construct homes within the Major Improvement Area of the District.

Completion of Homes

The cost and time for completion of homes by homebuilders is uncertain and may be affected by 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 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 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.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates may adversely affect the estimated value of the Major Improvement Area of the District, could impair the economic viability of the Major Improvement Area of the District, and could reduce the ability or desire of property owners in the Major Improvement Area of the District to pay the Major Improvement Area Assessments.

Competition

The housing industry in the greater Austin 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 of the single-family residential development within the District which are planned will ever commence or be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or homebuilders in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the Major Improvement Area of the District.

Competitive projects in the area include, but are not limited to the following:

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District</u>	<u>Developer</u>	<u>Prices</u>
Summerside	1,008	< 1 mile	Lennar	\$218k-\$355k
Centerpoint Meadows	498	5 miles	British American Development Corp.	\$249k-348k
Hartland Ranch	301	8 miles	D.R. Horton	\$388k-\$405k
Trace	1,022	25 miles	Highpointe Communities	\$255k-\$450k
Blanco Vista	2,238	20 miles	Brookfield Residential	\$324k-\$470k

Source: The Developer

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

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 Major Improvement Area of 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 Major Improvement Area of 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 Major Improvement Area of 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 Major Improvement Area of 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. These possibilities could significantly affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for discussion of the Phase I ESA performed on property within the District.

Regulation

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

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, as applicable. 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.”

Portions of the State, including the City and its surrounding area, are experiencing significant growth, which has produced and is expected to continue to produce a growing demand for water and wastewater service. The ability of the City to provide an adequate supply of water and sufficient capacity for treatment of wastewater, as applicable, is dependent on many factors, including, but not limited to, supply and demand of materials to complete necessary water and wastewater improvements, compliance with the Texas Commission on Environmental Quality regulations, the effects of extreme weather events on such entities’ water and wastewater systems, and the construction of developments competing with the District. See “THE DEVELOPMENT – Utilities,” “BONDHOLDERS’ RISKS – General Risks of Real Estate Investment and Development,” “– Risks Related to Recent Increase in Costs of Building Materials,” “– Competition,” “– Regulation,” and “– Risk from Weather Events.”

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that such growing demand may have on the City, the District, the projected buildout schedule, availability of water and wastewater service to the District or an investment in the Bonds.

Flood Plains

According to the FEMA FIRM Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains.

FEMA will from time to time revise its FIRMs. None of the City, the Underwriter, or the Developer makes any representation as to whether FEMA may revise its FIRMs, whether such revisions may result in homes that are currently outside of the 500-year or 100-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.

Risk from Weather Events

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, wildfires, hurricanes, tropical storms, 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 herein under “THE DEVELOPMENT – Mineral Rights, Easements and Other Third-Party Property Rights,” there are certain mineral rights reservations located within the District not owned by the MIA Lot Developer or the Landowners. There may also be additional third-party rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Caldwell County.

Neither the Developer nor the MIA Lot Developer expects the existence or exercise of any third-party rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the Major Improvement Area of the District to pay Major Improvement Area Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Tax Exempt Status of the Bonds

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds Similarly Secured, including 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,” 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. In the past, the IRS announced audit efforts focused in part on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. 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 Holders of the Bonds 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.

Management and Ownership

The management and ownership of the Developer, the MIA Lot Developer, and related or affiliated property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or

be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the District.

Dependence Upon MIA Lot Developer and other Landowners

Currently, the MIA Lot Developer and the other Landowners have the obligation for payment of 100% of the Major Improvement Area Assessments. The ability of the MIA Lot Developer and the other Landowners to make full and timely payment of the Major Improvement Area Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the MIA Lot Developer are land within the District, related permits, and development rights and minor operating accounts. There can be no assurances given as to the financial ability of the MIA Lot Developer to advance any funds to the City to supplement revenues from the Major Improvement Area Assessments if necessary, or as to whether the MIA Lot Developer will advance such funds. See “THE DEVELOPER – Description of the Developer and the MIA Lot Developer.”

None of the MIA Lot Developer, the Landowners, or any homebuilders will guarantee or otherwise be obligated to pay debt service on the Bonds. Payment of the Major Improvement Area Assessments on the Major Improvement Area Assessed Property will initially be the responsibility of the MIA Lot Developer and the other Landowners, as the case may be, as the owners of such Major Improvement Area Assessed Property prior to purchase by homebuilders or homeowners.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The 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 and specified therein. The estimated market value specified in the Appraisal 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 Major Improvement Area of 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 Major Improvement Area of the District.

In performing its analyses, an Appraiser makes 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 and the date of the Appraisal.

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.

Agricultural Use Valuation and Redemption Rights

The majority of the property in the Major Improvement Area is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. The Developer expects that property will be removed from agricultural valuation as development progresses. Under State law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although the Major Improvement Area Assessments are not considered a tax under State law, the PID Act provides that the lien for the Major Improvement Area Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be

available following a foreclosure of a lien for the Major Improvement Area Assessments, though there is no indication in State law that such redemption rights would be available in such a case.

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.

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 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 in the City's federal tax certificate. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with 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 corporations' "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 Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

McCall, Parkhurst & Horton L.L.P., serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable solely from a first lien on, security interest in, and pledge of 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" and "– Additional Indebtedness" (first paragraph only), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts," as to which no opinion is expressed), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (except for the final paragraph thereof, as to which no opinion is expressed), "LEGAL MATTERS – Legal Opinions" (except for the final paragraph thereof, as to which no opinion is expressed), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B – Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation – The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, 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 Major Improvement Area 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 and the MIA Lot 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, the MIA Lot Developer, or their manager or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement, the Major Improvement Area Construction, Funding, and Acquisition Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the Administrator, and UMB Bank, N.A. (in such capacity, the “Dissemination Agent”), will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”) for the benefit of the Holders 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 Holders 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

Except as hereinafter described, during the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule, with the submission of their Annual

Comprehensive Financial Report (“ACFR”). In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for the last year have consisted of the City’s related ACFR, which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFRs but can be derived from information in the ACFRs.

The Developer

The Developer, the Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Holders 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 Major Improvement Area Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 – Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of 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 Holders of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent, and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer will not agree to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agree 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 any continuing disclosure agreements.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$_____ (representing the par amount of the Bonds, less an underwriting discount of \$_____). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the insider cover 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.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., 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 umb.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.

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Development generally and, in particular, the information included in the maps in this Limited Offering Memorandum and in the sections captioned “PLAN OF FINANCE” (other than the subcaption “– The Bonds”), “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS,” “THE DEVELOPMENT,” and “THE DEVELOPER,” and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the MIA Lot Developer, the Major Improvements, and the Development), “LEGAL MATTERS – Litigation – The Developer and the MIA Developer,” “CONTINUING DISCLOSURE – The Developer” and “– The Developer’s Compliance with Prior Undertakings,” “APPENDIX E-2,” “APPENDIX F,” and “APPENDIX G” has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, 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 Barletta & Associates, Inc., and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Barletta & Associates, Inc., 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 ninety (90) days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND

OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The City Council has approved by resolution the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

General Information

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

Historical Employment in Caldwell County

The following information has been provided for informational purposes only.

	Average Annual				
	2025 ⁽¹⁾	2024	2023	2022	2021
Civilian Labor Force	25,576	24,820	24,012	22,595	21,463
Total Employed	24,633	23,925	23,182	21,829	20,452
Total Unemployed	943	895	830	766	1,011
Unemployment Rate	3.7%	3.6%	3.5%	3.4%	4.7%

⁽¹⁾ Data through November 2025.

Source: Texas Workforce Commission

Major Employers in the City

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

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lockhart ISD	790	7.73%
Walmart	225	2.20%
MTC (Lockhart Correctional)	175	1.71%
H.E.B. Food Store	170	1.66%
Pegasus School, Inc.	149	1.46%
City of Lockhart	149	1.46%
Ziegenfelder	100	0.98%
Student Transportation Specialist	85	0.83%
Pure Castings Company	75	0.73%
Fashion Glass & Mirror	70	0.69%
Total	1,988	19.46%

Source: Annual Comprehensive Annual Financial Report of the City for the year ended September 30, 2024.

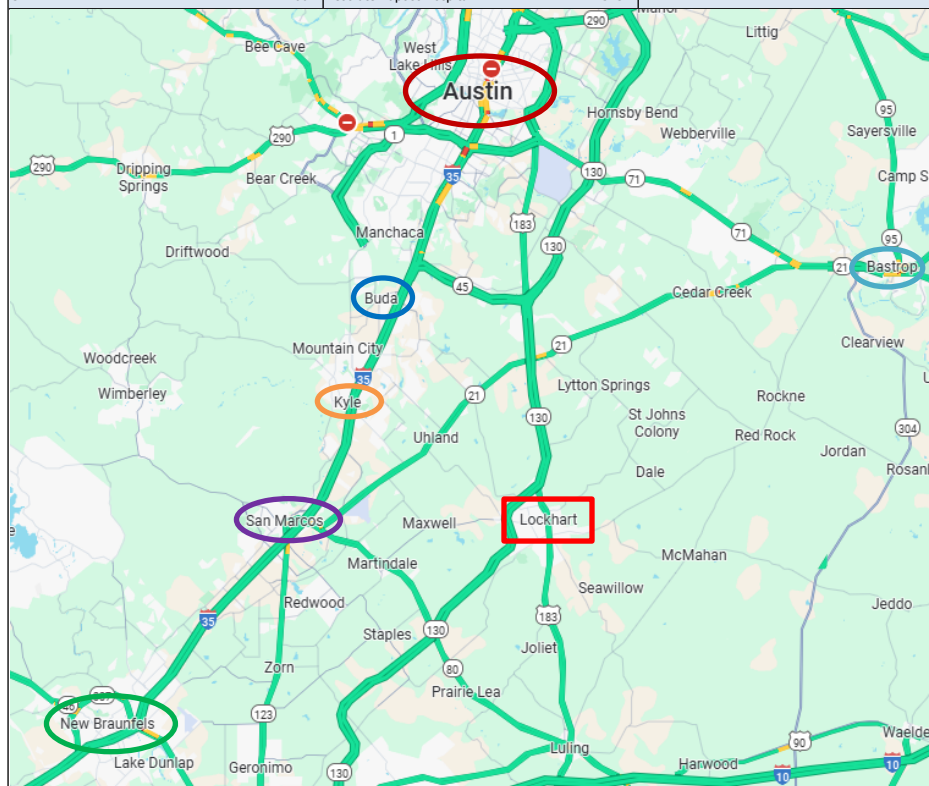
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REGIONAL EMPLOYMENT

Surrounding Economic Activity

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

City of San Marcos, TX (2024)		City of New Braunfels, TX (2024)		City of Kyle, TX (2024)		City of Buda, TX (2021)	
Approximately 18 Miles from the City		Approximately 36 Miles from the City		Approximately 18 Miles from the City		Approximately 25 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Amazon	5,000	Comal ISD	3,699	Hays CISD	3,258	Capital Excavation	315
Texas State University	3,730	Schlitterbahn Water Park	2,140	Seton Medical Center Hays	1,171	H-E-B Grocery	249
Premium Outlets San Marcos	1,600	TaksUs	1,397	Amazon	700	Wal-Mart	240
Tanger Factory Outlets	1,540	New Braunfels ISD	1,351	City of Kyle	349	ProBuild	222
San Marcos CISD	1,400	Wall-Mart Distribution Center	1,050	Lowes	100	Fat Quarter Shop	215
Hays County	885	City of New Braunfels	900	Home Depot	100	Cabela's	196
City of San Marcos	758	Comal County	838	Austin Community College Hays	80	Texas Lehigh	180
HEB Distribution Center	750	Christus Santa Rosa Hospital	600	Plastikon	65	US Food Service	159
Central Texas Medical Center	675	Rush Enterprises	600	SIMWON	38	Hays Community YMCA	157
CFAN	460	Resolute Baptist Hospital	513	ENF	25	Capital Spectrum	150



City of Bastrop, TX (2024)	
Approximately 31 Miles from the City	
Employer	Employees
Bastrop ISD	1,073
Bastrop County	800
Wal-Mart	541
Hyatt	443
Bluebonnet Electric Co-op	424
MD Anderson Cancer Center	353
Ascension Seton	298
Home Depot	200
H.E.B. Grocery Co.	136
Marketing Members LLC	130

City of Austin, TX (2024)	
Approximately 30 Miles from the City	
Employer	Employees
State Government	40,460
University of Texas at Austin	32,193
HEB	22,955
City of Austin	16,195
Ascension Seton	14,842
Federal Government	14,700
Dell Computer Corporation	13,000
Tesla, Inc.	12,277
St. David's Healthcare	11,484
Amazon	11,000

Source: Municipal Advisory Council of Texas

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APPENDIX B
FORM OF INDENTURE

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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APPENDIX F
DEVELOPMENT AGREEMENT

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APPENDIX G

FORM OF MAJOR IMPROVEMENT AREA CONSTRUCTION, FUNDING, AND ACQUISITION
AGREEMENT

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APPENDIX H
PHOTOGRAPHS OF THE DISTRICT

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APPENDIX I

APPRAISAL

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion the First Amended and Restated Subdivision Improvement Agreement with RODG DT Seawillow Prop LLC for the Seawillow Ranch Subdivision and authorize the City Manager to execute the agreement.

ORIGINATING DEPARTMENT AND CONTACT: Administration - Joseph Resendez

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: The attached First Amended and Restated Subdivision Improvement Agreement updates the previously approved Subdivision Improvement Agreement for the Seawillow Ranch Subdivision. The amendment is limited in scope and revises Section 5, Security for Completion of Improvements, to allow the required 125% security for Group B public improvements to be provided in the form of either an irrevocable letter of credit or a performance bond issued by a licensed surety company.

This change provides additional flexibility in the form of acceptable financial security while maintaining the same security amount and level of protection for the City. All other terms, conditions, improvement requirements, and timelines in the Subdivision Improvement Agreement remain unchanged from the version previously approved by City Council.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: First Amended and Restated Seawillow SIA

City of Lockhart
First Amended and Restated Subdivision Improvement Agreement

Subdivision Name: Seawillow Ranch Subdivision
Developer Name: RODG DT Seawillow Prop LLC
Developer Address: 2121 E. 6th St., Ste. # 203, Austin, TX, 78702

Planning Dept. Case No.: FP #23-05

Recitals:

A. The Developer owns the land included in the proposed final plat of the Subdivision, and more particularly described on the attached **Exhibit A** (the “Property”).

B. The Developer desires to develop 203 lots on the Property (“Lots”) which are more particularly described on the attached **Exhibit B**, and City ordinances and State laws require the Developer to complete all on-site and off-site public improvements (the “Public Improvements”) associated with the Subdivision which are more particularly described on the attached **Exhibit C**.

C. In association with a Development Agreement entered between Developer and the City on August 2, 2024 and amended on April 15, 2025, the parties have agreed to the following schedule for installation of Public Improvements.

Agreement:

In consideration of the mutual covenants set forth in this Agreement, the City and the Developer agree as follows:

1. **Recitals Incorporated.** The Recitals are incorporated in this Agreement for all purposes.
2. **Parties.** The parties to this Agreement are the Developer and the City of Lockhart.
3. **Effective Date.** This Agreement is effective on the date the Developer signs it (the "Effective Date").
4. **Construction of Improvements.** The Developer agrees to construct and install, at the Developer's expense, all of the Public Improvements. All Public Improvements must be constructed and installed in compliance with applicable City ordinances, standards, and regulations, and in accordance with the construction plans and specifications approved by the City. Upon construction and installation of the Group A Public Improvements which are more particularly described in the attached **Exhibit C** and acceptance by the City, the final plat for the Lots may be recorded. No later than twelve months following the date upon which the final plat for the Lots is recorded Developer shall construct and install the Group B Public Improvements which are more particularly described in the attached **Exhibit C**.
5. **Security for Completion of Improvements.** The Developer shall provide and continuously maintain security (the "Security") for the completion of the Group B Public Improvements. The Security must be in the amount of 125% of the cost estimate for the Group B Public Improvements as reflected in **Exhibit C**. **Security is defined as: (1) an irrevocable letter of credit drawn upon a state or national bank that has a regular business office in the State of Texas that authorizes the City to draw upon the letter of credit by presenting to the issuer only a sight draft and a certificate signed by an authorized representative of the City attesting to the City's right to draw funds under the letter of credit. Developer agrees to provide an irrevocable Letter of Credit in the amount of 125% of the cost estimate for the Group B Public Improvements; or (2) a performance bond submitted to the City by a surety company holding a license to do business in the State of Texas and providing a date for completion of the required public improvements.**
6. **Lien Search Certificate.** The Developer agrees to provide, at the time this Agreement is executed, a Lien Search Certificate prepared and signed by a title company acceptable to the City Attorney. The Lien Search Certificate must identify the Property, must name all owners of the Property, must name all lienholders having liens against the Property, and must be dated no more than 10 days

prior to the Effective Date. The Lien Search Certificate must be accompanied by a Consent of Lienholder signed by an authorized representative of each lienholder identified in the Lien Search Certificate. This Agreement will not be accepted without the Lien Search Certificate and the executed Consent of Lienholder, if applicable.

7. Acquisition of Property Interests. The Developer agrees to acquire at its expense all rights-of-way, easements and other real property interests needed for the construction of the Public Improvements, including all off-site improvements, in a manner suitable for dedication of the real property interests to the City. The form of all documents under which real property interests are acquired is subject to approval by the City Attorney. The Developer agrees to record each such document in the official public records of the county in which the Property is located, and to provide a copy of each such recorded document to the City Attorney.

8. Recording of Plat. Upon completion of all of the following, the City agrees to record the final plat of the Subdivision in the official public records of the county in which the Property is located:

- A. Approval of this Agreement by the City of Lockhart.
- B. Approval of the final plat of the Subdivision by the City of Lockhart.
- C. Construction and installation of the Group A Public Improvements and acceptance by the City.
- D. Submission to City of Lien Search Certificate, and executed Consent of Lienholder for each lienholder on the Property.
- E. Approval of the Security by the City Attorney.
- F. Approval by the City Attorney of all conveyance documents for rights-of-way, easements and other real property interests needed for the construction of the Public Improvements.

9. Conditions of Draw on Security. The City Engineer may draw upon any Security upon the occurrence of one or more of the following events:

- A. The Developer commenced construction but did not properly construct or complete one or more of the Public Improvements in accordance with Section 4 above;
- B. The Developer did not renew or replace the Security at least 45 days prior to its expiration date; or
- C. The issuer of the Security, or any third party, has acquired all or any portion of the Property through foreclosure or an assignment or conveyance in lieu of foreclosure.

10 Drawing on the Security; Use of Draws. The City Engineer may draw upon the Security by submitting a draft to the issuer that complies with the terms governing the draft. The draw may be in any amount up to the full amount of the Security. The City agrees to restrict its use of funds from draws to purposes associated with the construction, maintenance or repair of the Public Improvements. The parties agree that by making a draw, the City does not waive its rights to enforce any obligation of the Developer under this Agreement, and the City is not accepting the Public Improvements for ownership and maintenance prior to final completion.

11. Right of Entry. The Developer grants to the City and its successors, assigns, agents, contractors, and employees, a nonexclusive right and easement to enter the Property to inspect the construction of the Public Improvements, and to construct, inspect, maintain, and repair any public improvements made on the Property by the City.

12. No Certificate of Occupancy until completion of Public Improvements. Developer agrees that no Certificate of Occupancy will be issued for any building built on the Lots until all Public Improvements have been constructed and installed by Developer and accepted by the City. It will provide notice of this Agreement to any builder or purchaser of the Lots.

13. Maintenance Bond. Developer or Developer's general contractor shall provide a Maintenance Bond in the amount of Ten Percent (10%) of the contract price for all work on the Public Improvements. The Maintenance Bond shall be in favor of both Developer and the City, shall be for a period of two (2) years from the date of acceptance by the City for the Public Improvements, and shall be executed by an approved surety company authorized to do business in the State of Texas. Developer shall guarantee the materials and workmanship of his construction contractors, with whom he contracts

for furnishing materials and installing the improvements, required under this chapter and shall himself be responsible for guaranteeing that all materials and workmanship in connection with such improvements are free of defects for a period of two years after the date of acceptance of the improvements.

14. Remedies. The remedies available to the City in the event of noncompliance by the Developer with this Agreement are cumulative in nature. These remedies include, but are not limited to, the following:

- A. Refusal to approve or record any plat associated with the Subdivision.
- B. Refusal to provide or allow utility services to all or any part of the Property.
- C. Refusal to accept all or a portion of the Public Improvements for public ownership or maintenance.
- D. Draws against the Security for construction of the Public Improvements.
- E. Injunction against further sale of tracts of land within the Subdivision.

The Developer shall have 90 days after the City's delivery of written notice of noncompliance to reasonably cure / remedy all alleged issues of noncompliance. Upon notice of noncompliance by the City, the Developer agrees that it will not file any additional plat applications with the City until the noncompliance is cured.

15. No Third Party Rights. No person or entity who or which is not a party to this Agreement has any right of action under this Agreement. Nor does any such person or entity, other than the City (including without limitation a trustee in bankruptcy) have any interest in or claim to any funds drawn by the City on the Security in accordance with this Agreement.

16. Indemnification. The Developer covenants to indemnify, save, and hold harmless the City and its their respective officers, employees, and agents from, and against, all claims, demands, actions, damages, losses, costs, liabilities, expenses and judgments recovered from or asserted on account of injury or damage to persons or property loss or damage arising in connection with construction performed by or on behalf of the Developer on the Property.

17. Miscellaneous. A. The City may assign, in whole or in part, this Agreement to others as necessary to secure completion of the Public Improvements.

B. This Agreement, including appendices and referenced attachments, constitutes the entire agreement between the City and the Developer on this subject and supersedes all other proposals, presentations, representations, and communications, whether oral or written, between the parties. This Agreement may be amended only by a written document that is duly approved and executed by all parties.

C. In the event any section, subsection, paragraph, sentence, phrase or word is held invalid for any reason, the balance of this Agreement will remain in effect and will be read as if the parties intended at all times not to include the invalid section, subsection, paragraph, sentence, phrase or word.

D. This agreement shall be governed by the laws of the State of Texas. Exclusive venue for any legal dispute arising under this agreement shall be in Caldwell County, Texas. The City's execution of and performance under this Agreement will not act as a waiver of any immunity of the City to suit or liability under applicable law. The parties acknowledge that the City, in executing and performing this Agreement, is a governmental entity acting in a governmental capacity.

E. Notices required by this Agreement will be provided by the parties to one another by certified mail, return receipt requested, or by confirmed facsimile transmission, to the following addresses:

To the City:

City Manager
City of Lockhart
308 W. San Antonio
P.O. Box 239
Lockhart, TX 78664

To the Developer:

RODG DT Seawillow Prop LLC
2121 E. 6th St., Ste. #203
Austin, TX 78702

If a party changes its address or facsimile number for notice purposes, it will provide written notice of the new address to the other party within 10 days of the change.

G. The Developer shall file this Agreement in the deed records of Caldwell County and provide notice of this Agreement to any builder or purchaser of the Lots. This Agreement constitutes a covenant running with the title to the Property, and the provisions of this Agreement are binding on the Developer and on all successors and assigns of the Developer.

Executed by the parties to be Effective on _____

[signatures on following page]

City of Lockhart, Texas

By: _____
Joseph Resendez, City Manager

This instrument was acknowledged before me on _____, 202__ by Joseph Resendez, known personally by me to be the City Manager of the City of Lockhart, on behalf of the City of San Marcos.

Notary seal: _____
Notary Public, State of Texas

Developer:

By: _____
Signature

Printed name, title

This instrument was acknowledged before me on _____ by _____, known personally by me to be the _____ of _____.

Notary Seal: _____
Notary Public, State of _____

Consent of Lienholder to Subdivision Improvement Agreement
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Subdivision Name: _____
Developer Name: _____
Developer Address: _____

Lienholder Name: _____
Lienholder Address: _____

Recitals:

A. The Developer is the owner of the property described in the attached and incorporated **Exhibit A** ("Property").

B. The Lienholder is the lienholder of the Property under the terms and conditions of the following document(s):

Deed of Trust dated _____, from the Developer to _____, Trustee, securing the payment of a promissory note payable to the Lienholder. The Deed of Trust is recorded in Volume _____, page _____ of the Official Public Records of _____ County, Texas.

C. The Developer has requested that the City of Lockhart (the "City") approve and execute a Subdivision Improvement Agreement with the Developer governing installation of all on-site and off-site public improvements (the "Public Improvements") associated with the Subdivision.

Agreement:

In consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Lienholder agrees as follows:

1. The Lienholder consents to the execution of the Subdivision Improvement Agreement and the rights and obligations of the Developer set out therein.
2. The Lienholder subordinates its lien rights on this Property to the rights and interests of the City under the Subdivision Improvement Agreement, and the Lienholder agrees that any foreclosure by the Lienholder of its liens will not extinguish City's rights and interests in the Subdivision Improvement Agreement.

The undersigned has the authority to bind the Lienholder, and that all corporate acts necessary to bind the Lienholder have been taken.

Executed on _____

Lienholder:

By: _____

Printed name, title

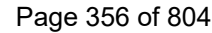
This instrument was acknowledged before me on _____ by
_____, known personally by me to be the _____ of
_____.

Notary Seal:

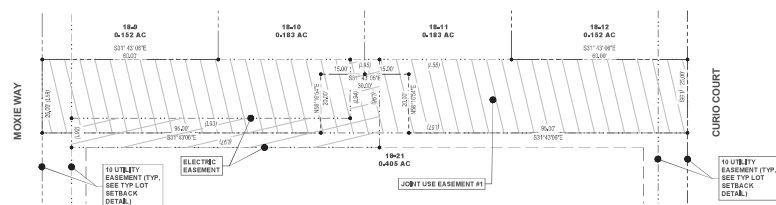
Notary Public, State of _____

EXHIBIT A:
METES AND BOUNDS DESCRIPTION OF PROPERTY

**EXHIBIT B:
MAP OF LOTS OF PROPERTY**

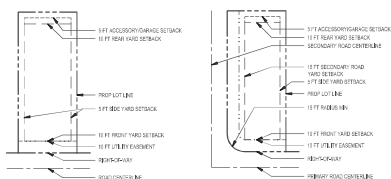


INDEX MAP



LOT/EASEMENT DETAIL

SCALE: 1" = 30'



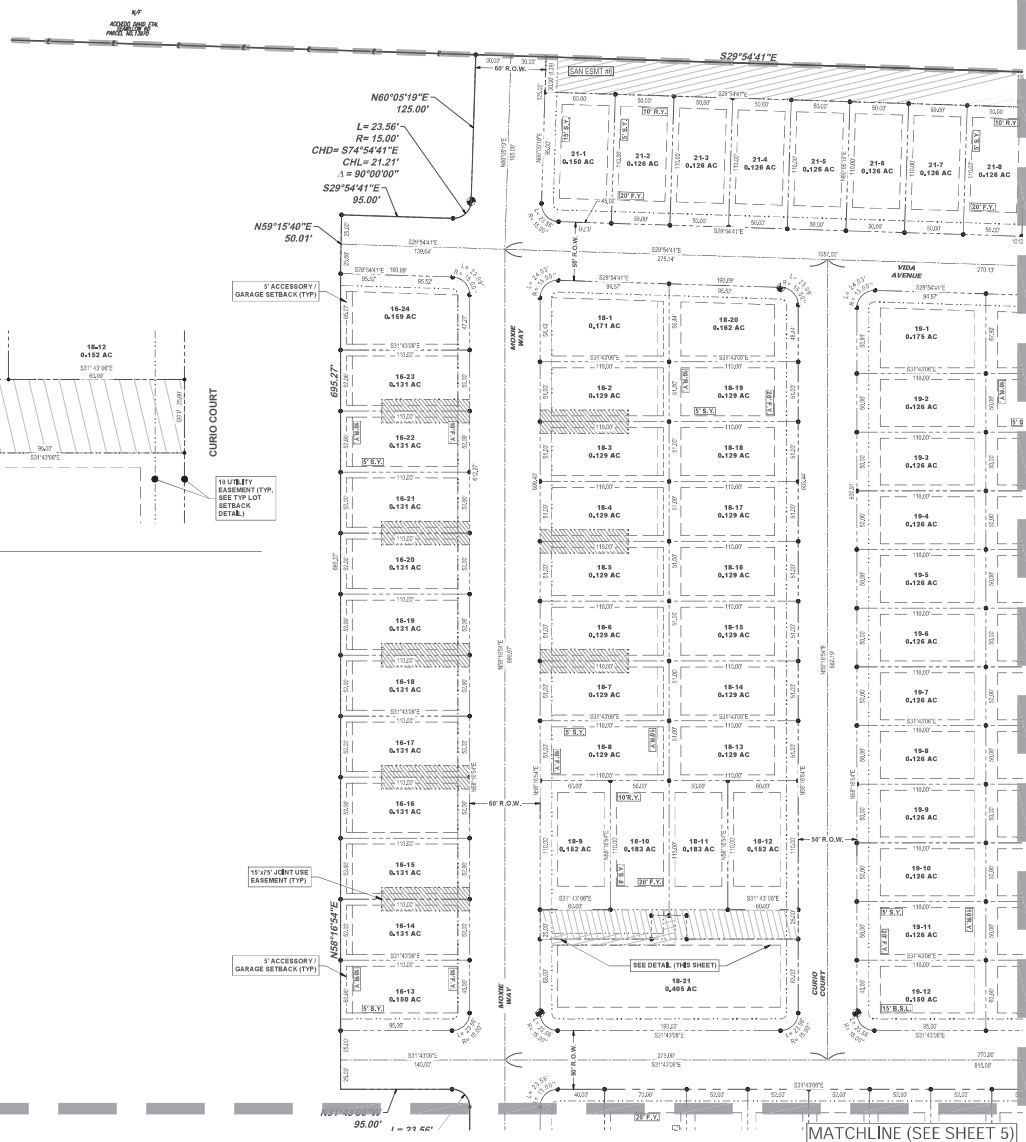
INTERIOR LOT

CORNER LOT

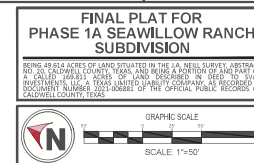
NOTE: APPLICABLE TO BLOCK 16 LOTS 13-24 AND BLOCK 18 LOTS 1-8

SHARED DRIVE LOT SETBACKS

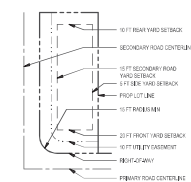
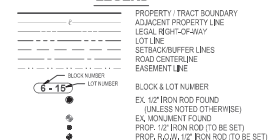
SCALE IN T.S.



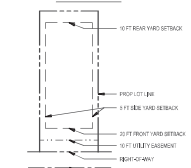
MATCHLINE (SEE SHEET 5)



LEGEND



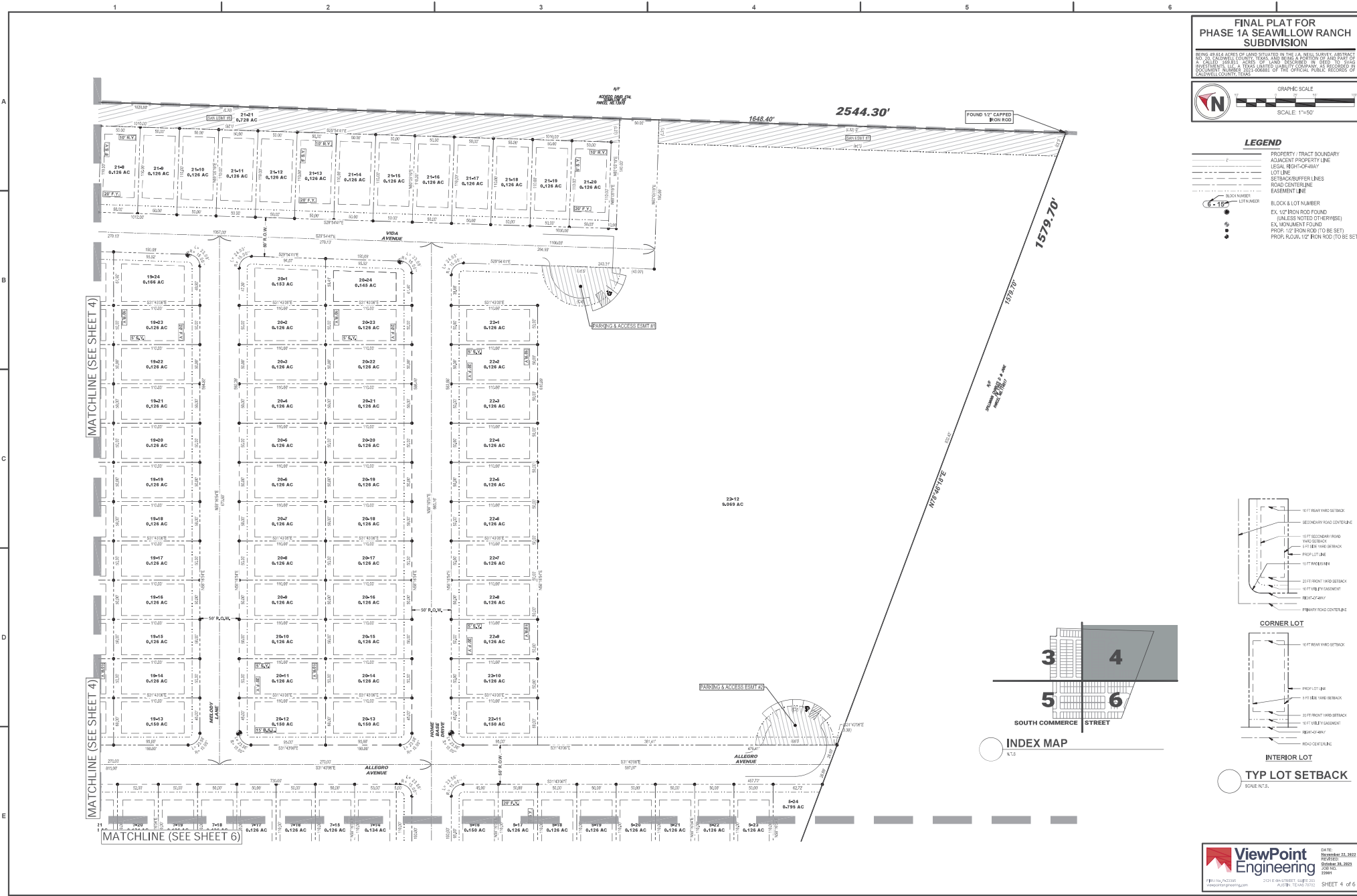
CORNER LOT



INTERIOR LOT

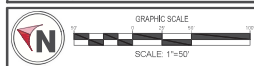
TYP LOT SETBACK

334-115

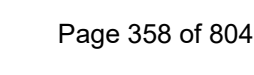
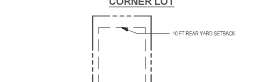
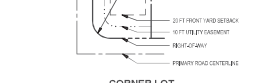
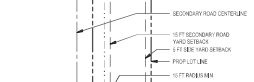
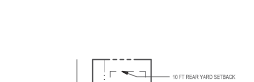


**FINAL PLAT FOR
PHASE 1A SEAWILLOW RANCH
SUBDIVISION**

BEING 48.84 ACRES OF LAND SITUATED IN THE 1/4, NEIL SURVEY, ABSTRACT 100, 20, SEAWILLOW COUNTY, TEXAS, AND BEING A PORTION OF A SURVEY OF A CALLED 1981-1 ACRES OF LAND DESCRIBED IN DEED TO YOUNG PROPERTIES, ALBUQUERQUE, TEXAS, LIMITED LIABILITY COMPANY, AS RECORDED IN CALDWELL COUNTY TEXAS.

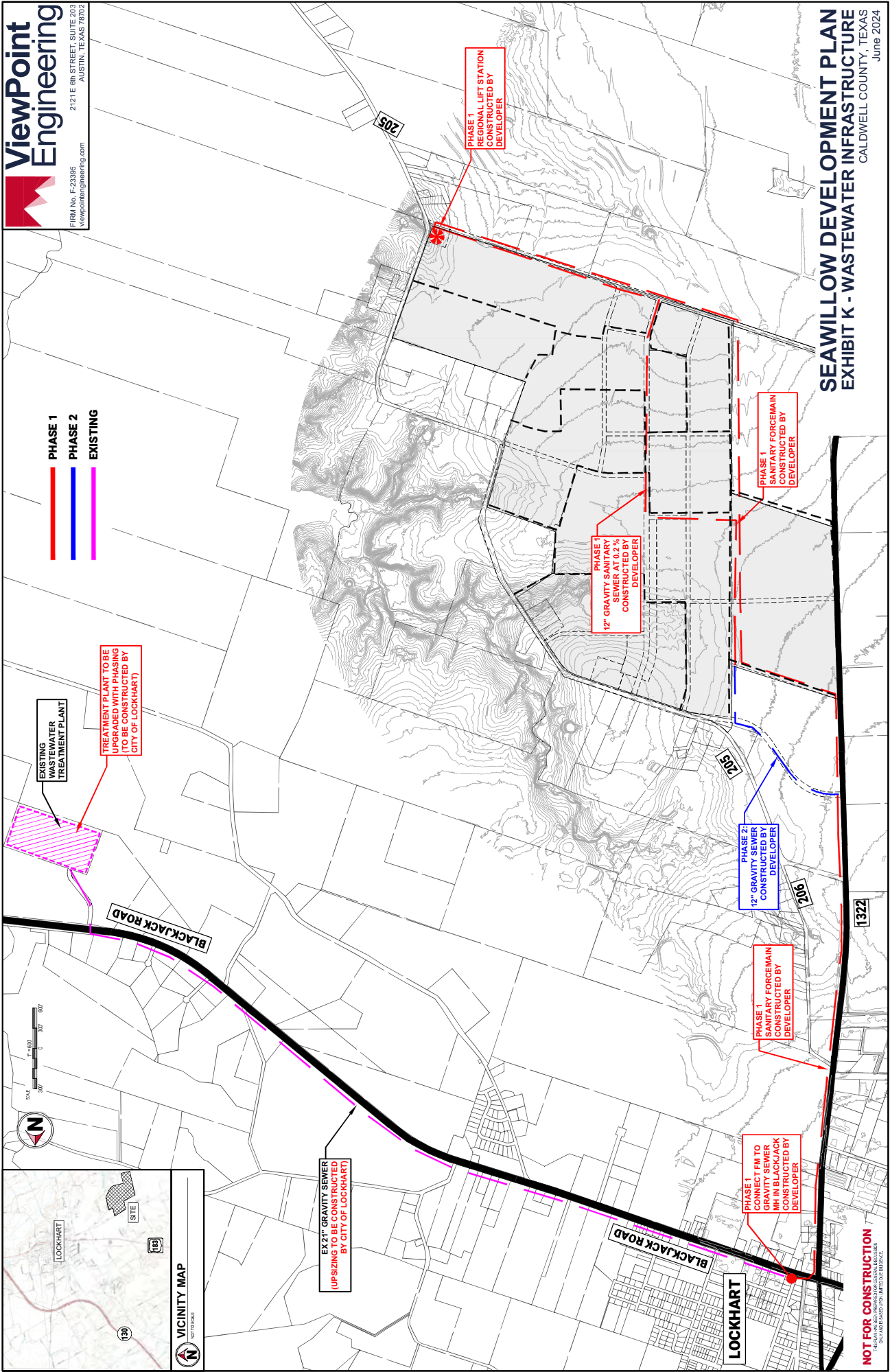


- LEGEND**
- PROPERTY / TRACT BOUNDARY
 - ADJACENT PROPERTY LINE
 - LEGAL RIGHT-OF-WAY
 - LOT LINE
 - SETBACK/BUFFER LINES
 - ROAD CENTERLINE
 - EASEMENT LINE
 - BLOCK & LOT NUMBER
 - EX. 1/2" IRON ROD FOUND
 - (UNLESS NOTED OTHERWISE)
 - EX. MONUMENT FOUND
 - PROP. 1/2" IRON ROD (TO BE SET)
 - PROP. 1/2" IRON ROD (TO BE SET)



**EXHIBIT C:
PUBLIC IMPROVEMENTS**

Category of Public Improvement	Description	Probable Cost
Group A	Road construction and paving	\$1,346,086.00
Group B	Lift Station and Force Main	\$5,392,109.00
	Detention Pond	\$590,585.00
	Park and Parking Lot	\$200,000.00
	FM 1322 Sidewalk	\$200,000.00
	Expand FM 1322 to 3 lanes in front of the Subdivision frontage, to include 1 lane each way with a center turning lane	\$593,098.00
	Improvements to FM 1322 at MLK Blvd.: add eastbound right turn lane and northbound add left turn lane	\$1,216,136.00

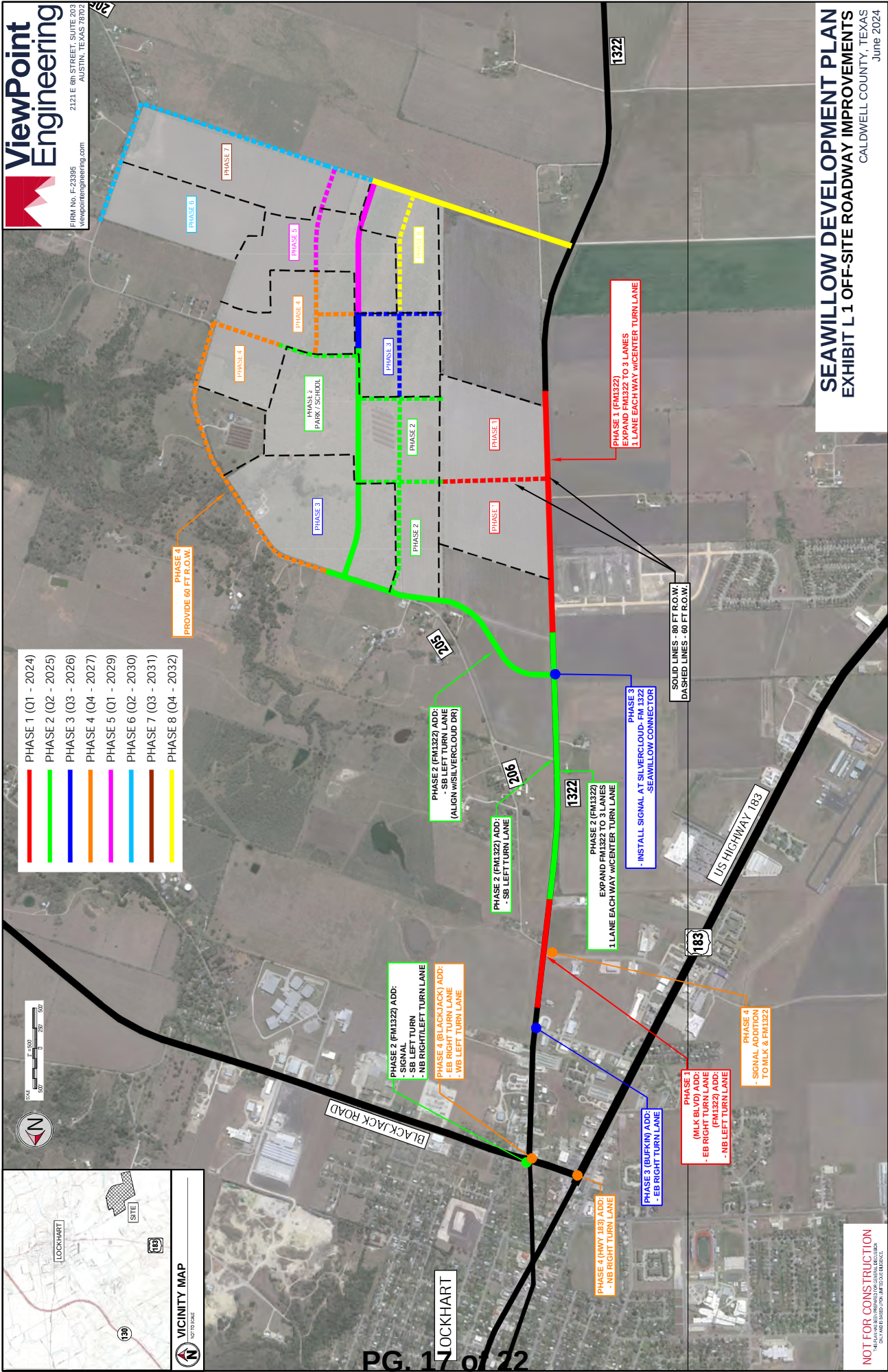


SEAWILLOW DEVELOPMENT PLAN
EXHIBIT K - WASTEWATER INFRASTRUCTURE
 CALDWELL COUNTY, TEXAS
 June 2024

NOT FOR CONSTRUCTION
 THIS PLAN IS BASED ON THE INFORMATION PROVIDED BY THE DEVELOPER AND IS NOT A GUARANTEE OF ACCURACY. IT IS THE RESPONSIBILITY OF THE USER TO VERIFY THE INFORMATION AND TO OBTAIN NECESSARY PERMITS AND APPROVALS FROM THE APPROPRIATE AGENCIES.



PHASE 1
PHASE 2
EXISTING



City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding approval of a Master Services Agreement with P3Works, LLC for Public Improvement District (PID) and Tax Increment Reinvestment Zone (TIRZ) creation and administration services, including execution of a related Project Agreement for the Seawillow PID/TIRZ.

ORIGINATING DEPARTMENT AND CONTACT: Administration - Joseph Resendez

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: On May 21, 2024, City Council approved Resolution No. 2024-13 awarding PID and TIRZ creation and administration services to P3Works, LLC following a competitive Request for Proposals process. That action established P3Works as the City's selected service provider for PID and TIRZ-related services tied to master-planned developments within the City.

The attached Master Services Agreement and Project Agreement provide the contractual framework for P3Works to perform PID and TIRZ creation, administration, reporting, and compliance services for the Seawillow PID/TIRZ. Services outlined in the agreement include preparation and updates to service and assessment plans, bond issuance support, annual reporting, coordination with City consultants, and ongoing district administration in accordance with Texas Local Government Code Chapter 372 and Texas Tax Code Chapter 311.

The agreements are structured so that all costs associated with PID and TIRZ administration are paid from district revenues or developer-advanced funds, with no impact to the City's General Fund. Approval of this item allows staff to proceed with implementation of the PID/TIRZ framework for the Seawillow development consistent with Council direction and adopted City policy.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: 2025-08-18-P3Works-Lockhart-Master

MASTER SERVICES AGREEMENT PROJECT AGREEMENT FORM

This Project Agreement Number **SW-01**, together with the Master Services Agreement between P3Works, LLC (“PID/TIRZ Administrator”) and The City of Lockhart (“City”) as executed on _____, contain the full and complete understanding of the Parties and supersede all prior agreements and understandings between the Parties with respect to the entire subject of this Project Agreement. Only a written instrument signed by an authorized representative of each Party may amend this Project Agreement.

1. Services to be Performed. [select service to be performed]

P3Works, LLC will perform the tasks and responsibilities as indicated below and outlined in the Master Services Agreement:

 X Public Improvement District (PID) Services (See Exhibit A)

 X Tax Increment Reinvestment Zone (TIRZ) Services (See Exhibit B)

 X Public Improvement District (PID) Services combined with Tax Increment Reinvestment Zone Services (See both Exhibits A and B)

PID Name: Seawillow

TIRZ Name: Seawillow

The Effective Date of this Task Order is , 20 .

CITY:

By: _____

Name:

Title:

Date:

CONSULTANT:

By: _____

Name: Mary V. Petty

Title: President

Date:

**MASTER AGREEMENT FOR PUBLIC IMPROVEMENT DISTRICT (PID) AND TAX
INCREMENT REINVESTMENT ZONE (TIRZ) CREATION AND
ADMINISTRATION SERVICES**

This Agreement for Public Improvement District (“PID”) and Tax increment Reinvestment Zone (“TIRZ”) Creation and Administration Services (“Agreement”) is entered into this ____ day of _____, 2026, by and between P3Works, LLC (“P3Works”), and the City of Lockhart, Texas (“City”).

RECITALS

WHEREAS, the City Council contemplates approving and authorizing the creation of one or more Public Improvement Districts ("PIDs" or "Districts"), to finance the costs of certain public improvements for the benefit of properties within the Districts; and

WHEREAS, the City may consider issuing bonds to fund certain improvements in the PID as authorized by the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended; and

WHEREAS, the City may consider creating a Tax Increment Reinvestment Zone (“TIRZ” or “Zone”), in which the boundary will include the boundary of the District, to fund certain improvements as authorized by the Tax Increment Financing Act, of the Texas Tax Code, Chapter 311, as amended; and

WHEREAS, the City requires specialized services related to the creation, revision and updating of the Service and Assessment Plan ("Service and Assessment Plan"), bond issuance, and the administration of the District; the creation, revision and updating of the Final Project and Finance Plan (“Final Plan”) and the Annual Reporting of the PID/TIRZ as more fully set forth in this Agreement; and

WHEREAS, P3Works has the expertise to properly establish and administer the District/Zone and ensure compliance with Texas Local Government Code Chapter 372, and Texas Tax Code Chapter 311; and

WHEREAS, the City desires to retain P3Works to provide District and Zone creation and administration services;

NOW THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and for good and valuable consideration, P3Works and the City agree as follows:

ARTICLE I

TERM OF AGREEMENT

- 1.0 The Agreement shall be effective as of its approval by all parties, shall be for a period of three (3) years, and shall automatically continue each year on a year-to-year basis until terminated pursuant to Article IV of this Agreement.

ARTICLE II

SERVICES TO BE PROVIDED BY P3WORKS

2.0 The scope and timing of services to be performed by P3Works are set forth in Exhibits “A” and “B”, which are attached hereto and incorporated into this Agreement by this reference.

2.1 P3Works agrees its services pursuant to this Agreement shall at all times be subject to the control and supervision of the City and nothing in this Agreement shall constitute an assignment of any right or obligation of the City under any applicable contract, agreement, or law. P3Works shall not represent to any property owner or any other person that it or any of its employees, agents or representatives are acting as the City or employees of the City.

2.2 No substantial changes in the scope of services shall be made without the prior written approval of P3Works and the City.

2.3 P3Works shall supply all tools and means necessary to perform the services and production of the work product described in Exhibits “A” and “B”.

ARTICLE III

PAYMENT TERMS AND CONDITIONS

3.0 In consideration for the services to be performed by P3Works, the City agrees to pay P3Works the fees for all services and related costs and expenses set forth in Exhibits “A” and “B”. Once assessments have been levied the Monthly Collection Fees will begin, and then the February 1 following the levy of assessments, and each February 1 thereafter, the fees shall increase by 2%.

3.1 Monthly invoices shall be submitted to the City for work completed under the rates provided in Exhibits “A” and “B”. City agrees to pay the amount due to P3Works upon receipt of each invoice.

3.2 Copies of all invoices to P3Works for expenses, materials, or services provided to P3Works will accompany the invoice to the City. P3Works will pass any third-party cost through to the City without markup and will not incur any expense in excess of \$200 without written consent of the City.

3.3 P3Works agrees the only source of payment for P3Works’ fees and services shall be the District/Zone or funds advanced by the developer. It is expressly agreed and understood the City general fund shall never be used to pay for any expenses relating to P3Works’ administration of the District/Zone. The City has entered into a Professional Services Reimbursement Agreement with the developer or landowner to fund an escrow, from which the City will pay for services until District/Zone funds shall be used. In the event there is insufficient District/Zone funds in a given year to pay P3Works’ fees and expenses, P3Works agrees to defer the fees and expenses until such time as there are sufficient District/Zone funds or funds advanced by the developer. However, if the developer or landowner does not fund or replenish the funds under the Professional Services Reimbursement Agreement, then at P3Works’ discretion and in accordance with such Agreement, work will cease until such time as the escrow is funded and past due invoices are paid.

ARTICLE IV

TERMINATION OF THIS AGREEMENT

4.0 Notwithstanding any other provisions of this Agreement, either party may terminate this Agreement at any time by giving sixty (60) days written notice to the other party without penalty and without limitation of its right to seek damages. City shall pay P3Works, within 30 days of such termination, all of P3Works' fees and expenses actually accrued or incurred to and including the date of termination, including any amount incurred or accrued in connection with work in progress.

ARTICLE V

INDEMNIFICATION

5.0 GENERAL INDEMNIFICATION – P3WORKS HEREBY COVENANTS AND AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE CITY, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS OR LAWSUITS OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, FOR EITHER PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO P3WORKS' BUSINESS AND ANY RESULTING LOST PROFITS) AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, TO THE EXTENT CAUSED BY THE NEGLIGENT ACTS OR OMISSIONS OR MALFEASANCE OF P3WORKS, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES.

ARTICLE VI

GENERAL PROVISIONS

6.0 This Agreement supersedes any and all agreements, including any Original PID/TIRZ Administration Agreement, either oral or written, between the parties hereto with respect to rendering of services by P3Works for the City and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party of this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party which are not embodied herein and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

6.1 Forum Selection and Severability - This Agreement shall be administered and interpreted under the laws of the State of Texas. Venue for any dispute brought for this Agreement shall be in Tarrant County, Texas. This Agreement shall not be construed for or against any party by reason of who drafted the provisions set forth herein. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall remain in full force and effect.

6.2 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by P3Works without the prior written consent of the City, which shall not be unreasonably withheld.

6.3 P3Works is a PID/TIRZ Administration firm, does not provide financial advice, and is not an Independent Registered Municipal Advisor under the SEC and MSRB Rules. Therefore, P3Works will request an IRMA Exemption Letter if not already provided on the City's website, and then will

provide to the City an IRMA Exemption Acceptance Letter in the general form attached as Exhibit “C” upon execution of the Agreement.

6.4 Independent contractor. It is expressly understood and agreed that P3Works shall operate as an independent consultant as to all rights and privileges granted herein, and not as agent, representative, or employee of the City. Subject to and in accordance with the conditions and provisions of this Agreement, P3Works shall have the exclusive right to control the details of its operations and activities and be solely responsible for the acts and omissions of its officers, agents, servants, employees, consultants and subcontractors. P3Works acknowledges that the doctrine of respondeat superior shall not apply as between the City, its officers, agents, servants and employees, and P3Works, its officers, agents, employees, servants, consultants and subcontractors. P3Works further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between the City and P3Works. Neither P3Works nor any of P3Works’ employees or agents, shall be entitled to any benefits accorded to City’s employees, including without limitation, worker’s compensation, disability insurance, vacation, or sick pay.

6.5 The waiver by either party of a breach or violation of any provision of this Agreement will not operate as or be construed to be a waiver of any subsequent breach thereof.

6.6 Upon acceptance or approval by City, all deliverables prepared or assembled by P3Works under this Agreement, and any other related documents or items shall be delivered to City, in hard copy and digital format for City use only. All digital data which contains algorithms, formulas, methodologies, and related content provided to the City by P3Works shall remain the property of P3Works, and is provided as backup documentation to the deliverables, but shall not be released in digital format to any third-parties due to the proprietary nature of the intellectual data.

6.7 The City acknowledges P3Works’ ownership of its software, programs, inventions, know-how, trade secrets, confidential knowledge, source code, or other proprietary information relating to products, processes, services, software, formulas, developmental or experimental work, business plans, financial information, or other subject matter (“Confidential Information”) pertaining to the business of P3Works. This Agreement shall not in any way give rise to any requirement or obligation for P3Works to disclose or release any Confidential Information. “Confidential Information” means all information that meets one or more of the following three conditions: (i) it has not been made available generally to the public either by P3Works, or by a third party with P3Works’ consent, (ii) it is useful or of value to the P3Works’s current or anticipated business or research and development activities, or those of a customer or supplier of P3Works, or (iii) it either has been identified as confidential to the City by P3Works (orally or in writing) or it has been maintained as confidential from outside parties and is recognized as intended for internal disclosure only. Confidential Information may include without limitation, technical, engineering, scientific, financial and commercial information, designs, inventions, copyright material, know-how, ideas, studies, findings, conclusions, data, samples, drawings, plans, charts, graphs, financial models, photographs, reports, letters, specifications, manuals, tables, formulae, formulations, spreadsheets, processes, operating and testing procedures, customer lists and pricing information. All records, reports, and other documents prepared by P3Works for the purposes of providing the services described in this Agreement shall be the property of the City. All such documents shall be made available to the City during the course of performance of this Agreement. Any reports, studies, photographs, negatives, or other documents or drawings prepared by P3Works in the performance of its obligations under this Agreement shall be the exclusive property of the City and all such materials shall be remitted to the City by P3Works upon completion, termination, or cancellation of this Agreement.

6.8 No deliverables or other information (including information given by City to P3Works to assist P3Works' performance under this Agreement) developed by, given to, prepared by or assembled under this Agreement shall be disclosed or made available to any third-party individual or organization that is not engaged to work on this project on behalf of the City by P3Works without the express prior written approval of the City.

6.9 The headings and article titles of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part hereof.

6.10 Should either party commence any legal action or proceeding against the other based upon this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees and costs.

6.11 All notices, requests, demands, and other communications which are required to be given under this Agreement shall be in writing and shall be deemed to have been duly given upon the delivery by registered or certified mail, return receipt requested, postage prepaid thereon, as follows:

To P3Works:

Mary V. Petty
President and Founder
P3Works, LLC
9284 Huntington Square
North Richland Hills, Texas 76182

To City:

Joseph Resendez
City Manager
City of Lockhart
308 W San Antonio St.
Lockhart, Texas 78644

6.12 The parties hereby warrant that the persons executing this Agreement are authorized to execute this Agreement and are authorized to obligate the respective parties to perform this Agreement. A facsimile signature on this Agreement shall be treated for all purposes as an original signature.

6.13 By executing this Agreement, P3Works verifies it (i) does not boycott Israel (in accordance with Chapter 2272 of the Texas Government Code) and will not during the term of this Agreement, (ii) does not engage in business with Iran, Sudan or any company on the list referenced in Section 2252.152 of the Texas Government Code; (iii) does not boycott energy companies and will not during the term of this Agreement per Section 2274.002 of the Texas Government Code; and (iv) does not have a practice, policy, guidance or directive in this Agreement against a firearm entity or firearm trade association and will not during the term of this Agreement.

6.14 Counterparts. This Contract may be executed in two or more counterparts (including fax, email or electronic PDF counterparts), each of which shall be deemed an original and all of which together shall constitute one instrument.

6.15 Sovereign Immunity. The Parties agree neither the execution of this Agreement by the City nor another conduct, action or inaction of any City representative relating to the Agreement constitutes a waiver of sovereign immunity by the City.

Executed on this _____ day of _____,
2026:

P3Works, LLC

BY: Mary V. Petty
President and Founder

City of Lockhart

BY: _____

Joseph Resendez
City Manager

[Remainder of page intentionally left blank]

EXHIBIT A
PUBLIC IMPROVEMENT DISTRICT SERVICES TO BE PROVIDED

PID FORMATION, SERVICE AND ASSESSMENT PLAN PREPARATION, AND BOND ISSUANCE SUPPORT SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

**P3Works' hourly rates may be adjusted from time to time to reflect increased costs of labor and/or adding/reclassifying titles. P3Works shall give notice of such adjustment at least (60) days in advance of the effective date of adjustment. Travel times will be billed at hourly rates.*

District Due Diligence and Preparation of PID Plan of Finance

1. P3Works will review project information and in conjunction with the City's Financial Advisor review a plan of finance for the proposed transaction, including:
2. Assessed value schedules, value to lien analysis, and overall structuring to achieve City goals and objectives,
3. Identify areas of risk and with the City's Financial Advisor and solutions to mitigate the risks,
4. Bond sizing and bond phasing by improvement area,
5. Sources and uses of funds by improvement area,
6. Debt service schedules, and,
7. Assessment allocation and associated estimated annual installment by lot type for each improvement area.

Preparation of Service and Assessment Plan

1. P3Works will prepare a complete and final Service and Assessment Plan to be adopted by City Council and included in the Official Statement for the Bonds based on the Plan of Finance.
2. P3Works will present the Service and Assessment Plan to City Council and request approval of the Assessment Roll.

Bond Issuance Support

1. P3Works will ensure bond documents, including the PID financing agreement, bond indenture, and official statement are all consistent with the Service and Assessment Plan.
2. P3Works will provide ad-hoc analysis as requested by the underwriter in preparation of the preliminary official statement.

Participation in Presentations to City Council or other Public Forums

1. P3Works will prepare and present information as requested to the City Council or any other

public forum.

BASIC DISTRICT ADMINISTRATION SERVICES

MONTHLY COLLECTION FEES WILL BEGIN ONCE ASSESSMENTS ARE LEVIED

If no bonds are sold:

Monthly Fee = \$1,500 beginning the first of the month following levy of assessments for the District for the first improvement area; and \$1,000 per month for each improvement area thereafter. (Proration will occur for any partial month if not begun on the 1st day of the month.)

If bonds are sold:

Monthly Fee amounts will be \$2,500 for the first improvement area beginning the first month following the issuance of bonds; and \$1,250 per month for each improvement area thereafter.

For PIDs that P3Works did not create: Monthly Collection Fees will not begin until the first Annual SAP Update is drafted by P3Works and approved by Council, therefore all work completed to that point will be billed hourly.

See Section below related to “Consulting Services Relating to Future Improvement Areas and related Bond Issuance” for hourly fees if bonds are contemplated.

Prepare Annual Service and Assessment Plan Update

1. If possible, obtain updated construction cost estimates (or actual costs for completed facilities) for District improvements, and update Service and Assessment Plan text and tables.
2. Update service and assessment plan text and tables as necessary to account for any changes in development plan or land uses.
3. Update annual District assessment roll.
4. Identify parcel subdivisions, conveyance to owners’ associations, changes in land use, and any other information relevant to the levy of special assessments.
5. Review maps of tax parcels to compile/audit list of parcels that are within the District for the upcoming bond year. Classify each parcel pursuant to the approved Service and Assessment Plan.
6. Identify any parcels dedicated to any property types classified as exempt by the service and assessment plan.
7. Update District database with newly subdivided parcels and property type classifications.
8. Calculate annual special assessment for each parcel. Verify the sum of annual installments for all parcels in the District is sufficient to meet the annual debt service requirement, administration expenses, and any provisions for delinquency or prepayment reserves.
9. Calculate other funds available, such as reserve fund income, capitalized interest, and interest income. Reduce annual assessment based on findings according to approved service and assessment plan.
10. Present preliminary annual assessment roll to City. Upon approval by City, submit final annual assessment roll to County Tax Collector.

Administration of Bond Funds (if bonds are sold)

1. Review and summarize the account statements for the funds maintained by the trustee. Ensure annual special assessment calculation is compliant with Indenture as it relates to each

- fund.
2. Provide annual summary of all District accounts maintained by Trustee at the time the annual service and assessment plan update is performed.

Provide Public Information Request Support

1. If requested, P3Works will respond to any calls and or emails relating to the District. P3Works will only provide technical answers relating to the annual assessments or the District generally. P3Works will not provide any commentary on City policy relating to PIDs.
2. If the City receives a notice from a property owner alleging an error in the calculation of any matters related to the annual assessment roll for the District, P3Works will review and provide a written response to the City. If a calculation error occurred, P3Works will take corrective action as required to correct the error.

Delinquency Management

1. After the end of the annual assessment installment collection period, P3Works will prepare a delinquent special assessment report, which details which parcels are delinquent and the amount of delinquency.
2. P3Works will notify the City what action must be taken relating to delinquent parcels, if any, to remain in compliance with the District bond documents.

Website Setup

1. Prepare website database searchable by property tax ID for use by property owners, title companies, mortgage companies, or other interested parties. The search results will provide assessment information, including outstanding principal, annual installment amount, payment information, and a breakdown of the assessment installment by use (principal, interest, reserve fund accounts, administrations, etc.)
2. Prepare "District Information" page for website. Information will include a background of the District formation and bond issuance process, District boundary map, and description of improvements. In addition, P3Works will provide a link to District documents.

DISTRICT ADMINISTRATION SETUP SERVICES (Required for any existing PID not created by P3Works.)

\$10,000 One Time Lump Sum Fee

1. P3Works will review the full bond transcript and identify all requirements of the City relating to District administration and/or disclosure requirements.
2. Prepare written summary of all City administration and disclosure requirements.
3. Prepare calendar of all relevant dates and deadlines for District administration and disclosure requirements.
4. Meet with County Assessor's office to establish procedure for obtaining parcel information for assessment roll.
5. Meet with County Tax Office to establish procedure to include District assessment roll on property tax bill.

6. Meet with City representatives to finalize policies and procedures relating to District Administration.

ADDITIONAL DISTRICT ADMINISTRATION SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

**P3Works' hourly rates may be adjusted from time to time to reflect increased costs of labor and/or adding/reclassifying titles. P3Works shall give notice of such adjustment at least (60) days in advance of the effective date of adjustment. Travel will be billed at the hourly rates.*

Continuing Disclosure Services

1. P3Works will prepare the form of the annual report as required by the continuing disclosure agreements and work with the City and the Developer to complete.
2. P3Works will request from developer the reports due pursuant to the developer disclosure agreement and disseminate these reports pursuant to the disclosure agreement, including Seller's Disclosures.
3. Upon notification by any responsible party, or if P3Works independently becomes aware of such knowledge, P3Works will prepare notices of material events covering the events enumerated in the disclosure agreements.
4. P3Works will coordinate with the Trustee or the City's dissemination agent to disseminate the annual reports, quarterly reports from the developer, and notice of significant events to the Municipal Securities Rulemaking Board (MSRB) and any other parties required in the continuing disclosure agreement.

Developer Payment Request Administration

1. P3Works will review all developer payment requests to ensure the request complies with the PID Financing Agreement, the District service and assessment plan, and any other relevant provisions contained in the District documents.
2. P3Works will audit the developer payment request to ensure there is proper backup documentation and that the accounting is accurate.
3. P3Works will coordinate with the City's designated representative to ensure the improvements were built to the standards of the accepting governing body.
4. P3Works will ensure improvements to be dedicated are free and clear of all liens and encumbrances.

Consulting Services Relating to Future Improvement Areas and related Bond Issuance (to be paid from Developer funds advanced to City)

1. P3Works will update the Service and Assessment Plan to comply with Bond documents.

2. P3Works will prepare an updated Assessment Roll including the future Improvement Area.
3. P3Works will coordinate with City's bond counsel, financial advisor, and the bond underwriter to ensure the Bonds and all related documents are in compliance with State Law.
4. P3Works will prepare any additional reports or analyses as needed to successfully issue the Bonds.

Development Agreement Review Specific to the PID/TIRZ Boundary

1. Participate in meetings or calls at City Manager's, or his/her designee's, direction.
2. Review and comment on Development Agreement drafts.
3. Prepare Ad hoc analysis as requested.

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EXHIBIT B
TAX INCREMENT REINVESTMENT ZONE SERVICES TO BE PROVIDED
TIRZ FORMATION, PRELIMINARY AND FINAL PROJECT AND FINANCE PLAN
PREPARATION SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

**P3Works' hourly rates may be adjusted from time to time to reflect increased costs of labor and/or adding/reclassifying titles. P3Works shall give notice of such adjustment at least (60) days in advance of the effective date of adjustment. Travel times will be billed at hourly rates.*

Zone Due Diligence and Preparation of TIRZ Project and Finance Plan

1. P3Works will review project information and prepare a Preliminary Plan for the proposed creation, including:
 - a) Assessed value schedules and overall structuring to achieve City goals and objectives.
 - b) Drafting the TIRZ Agreement.
 - c) At the direction of Staff, facilitate presentations to the Council and the TIRZ Board.
2. Evaluate annual TIRZ Credit by lot type for each improvement area.

Preparation of Preliminary and Final Project Plan

1. P3Works will prepare a Preliminary Project and Finance Plan ("PPFP") and a Final Project and Finance Plan ("FPFP") to be adopted by the TIRZ Board and the City Council and included in the Official Statement for the PID Bonds based on the Plan of Finance.
2. P3Works will prepare a draft TIRZ Agreement to be adopted by the TIRZ Board
3. P3Works will present the PPFP to the Council at the creation of the TIRZ and request approval of TIRZ Creation Ordinance.
4. P3Works will present the FPFP to the Council after conducting all necessary steps for public hearings and notifications and request approval of TIRZ FPFP.
5. P3Works will file the necessary creation forms with the Secretary of the State of Texas after the creation of the TIRZ.

Bond Issuance Support

1. P3Works will ensure bond documents, including the bond indenture and official statement are all consistent with the TIRZ Final Plan.
2. P3Works will provide ad-hoc analysis as requested by the underwriter in preparation of the preliminary official statement.

Participation in Presentations to City Council or other Public Forums

1. P3Works will prepare and present information as requested to the City Council or any other

- public forum.
2. If requested by the City, P3Works will respond to any calls and or emails relating to the TIRZ.
3. P3Works will only provide technical answers relating to the annual TIRZ Credit or the TIRZ generally.
4. P3Works will not provide any commentary on City policy relating to TIRZs.

BASIC DISTRICT/ZONE ADMINISTRATION SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

Preparation of the Annual Report to be filed with the Secretary of State and then presented to the PID/TIRZ Board and City Council for approval.

See Section below related to "Consulting Services Relating to Future Improvement Areas and related Bond Issuance" for hourly fees if future PID/TIRZ changes are contemplated.

Consulting Services Relating to Future Improvement Areas and related Bond Issuance (to be paid from Developer funds advanced to City)

1. P3Works will coordinate with City's bond counsel, financial advisor, and the bond underwriter to ensure the Bonds and all related documents are in compliance with State Law.
2. P3Works will prepare any additional reports or analyses as needed to successfully issue the Bonds.

Prepare Annual Report

1. If possible, obtain updated construction cost estimates (or actual costs for completed facilities) for PID/TIRZ improvements.
2. Update Annual Report as necessary to account for any changes in development plan or land uses.
3. Identify parcel subdivisions, conveyance to owners' associations, changes in land use, and any other information relevant to anticipated estimate of Tax Increment to be generated.
4. Calculate annual PID/TIRZ Credit for each parcel.
5. Present preliminary Annual Report to PID/TIRZ Board. Upon approval by PID/TIRZ Board, submit final Annual Report to the Texas Secretary of State.

EXHIBIT C
IRMA EXEMPTION LETTER



P3Works, LLC.
9284 Huntington Sq.
North Richland Hills,
Texas 76182

Mary V. Petty
President and Founder
817.393.0353 Phone
Contracts@P3-Works.com

[Date]

City Manager: Joseph Resendez
308 W. San Antonio St.
Lockhart, TX 78644

RE: IRMA Exemption/Acceptance Letter

To Whom It May Concern:

We have received your written representation, dated _____, 20__, that the City of _____ (the "City") has engaged and is represented by _____, an independent registered Municipal Advisor ("IRMA"). In accordance with Section 15Ba1-1(d)(3)(vi) of the Securities Exchange Act of 1934 ("Securities Exchange Act"), we understand and intend for the City to rely on IRMA's advice in evaluating recommendations brought forward by P3Works, LLC that constitute "advice" as defined in the Securities Exchange Act ("IRMA Exemption").

Furthermore, P3Works, LLC has conducted reasonable due diligence and is confirming that to the best of our knowledge, the IRMA is independent from P3Works, LLC, that P3Works, LLC is not a municipal advisor and is not subject to the fiduciary duty to municipal entities that the Security and Exchange Act imposes on municipal advisors, and that P3Works, LLC has a reasonable basis for relying on the IRMA Exemption. We will advise you, in writing, if we become aware of any changes.

P3Works, LLC provides PID Administration as consult services to Cities and Counties.

As required by the relevant sections of the Securities Exchange Act regarding Municipal Advisors, we are informing your identified IRMA of these facts.

Mary V. Petty
President and Founder
P3Works, LLC

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding nomination of Levi Garrett to the Zoning Board of Adjustment and Appeals by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Burge has nominated Levi Garrett to be appointed to the Zoning Board of Adjustments and Appeals.

After reviewing the application, Mr. Garrett meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

The announcement of nomination occurred during the February 3, 2026 Council meeting.

Action of appointment, should Council move to appoint Mr. Garrett to the board, will occur during the February 17, 2026 Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: Announcement of nomination made during the February 3, 2026 Council meeting.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Levi Garrett - Board application , BOA Roster

APPLICANT'S NAME: Levi Garrett

BOARD NAME(S): Zoning Board of Adjustment & Appeals

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.

Date of residency in Lockhart: 2016

- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.

Date qualified voter in Lockhart: 10/2018

- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.

Removed from another board? YES or NO

If yes, date _____ and board _____

- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.

Serves on another board? YES or NO

If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:

Board of Adjustment

Y or N City Resident? If no, applicant does not qualify.

Zoning Board of Adjustment meets the first Monday at 6:30 p.m. each month if there are items pending the Board's review. The Board hears and decides appeals where the applicant alleges that there is an error in any order, requirement, decision, or determination made by the city staff, the commission, or the city council in the enforcement of the zoning chapter, to hear and decide variances and special exceptions as provided by any provision of the zoning chapter, and to act as the appeal board as specified in Section 22-68, flood hazard areas, of the Lockhart Code of Ordinances. All members must reside within the city limits. The Board consists of seven members that serve a three-year term. The Planning Director is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

Ymk

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

Date Received: _____

1. PERSONAL INFORMATION

Full Legal Name Levi Manning Garrett		Preferred Name Levi Garrett	
Physical Home Address 400 W Prairie Lea St			
Mailing Address (if different)			
City Lockhart	State TX	Zip 78644	
Home Phone		Work Phone	
Mobile Phone			
Email Address			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Historical Preservation Commission
☒	Zoning Board of Adjustment & Appeals	☐	Hotel Occupancy Tax Advisory Board
☐	Charter Review Commission	☐	Library Advisory Board
☒	Construction Board of Appeals	☒	Parks & Recreation Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☒	Planning & Zoning Commission
☐	Electric Board		

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

In no particular order:
Parks & Rec - I have a general interest in this. I am active, spend a lot of time outside, regularly pick up trash in city park with my dogs, have volunteered with Keep Lockhart Beautiful, and I know there will be a lot of focus on this area in the near future with the new aquatic center and rec center developments.
P&Z, Zoning Adjustments, Construction - I have both personal and professional experience with construction (residential & commercial). I PM'd the expansion of Kitchen Pride Mushroom Farms (Gonzales, 2019-2020) and completely renovated the home we currently live in (2019). I also worked with Arco (GC) and AgriTech on greenhouse and facility construction & change-orders for Iron Ox / Inevitable Tech (Lockhart, 2022-2023).

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.



Applicant's Signature

12/1/2025

Date

Completed application, resume and letter of interest may be submitted in person, email, mail, or by fax to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
FAX: 512.398.5103
cconstancio@lockhart-tx.org

Levi Garrett

400 W Prairie Lea St
Lockhart, TX 78644



Hey, there!

I am a 35-year-old, husband, godfather, brother, and “dog father” to two German Shepherd pups. My wife, Allison, and I have been married since 2017 and have made Lockhart, TX our home for over 9 years—needless to say, we have genuinely loved every minute of it!

From 2014-2022, I worked in the commercial mushroom industry at [Kitchen Pride Mushroom Farms](#) in Gonzales, TX — primarily in food safety, facility, and quality-related management positions. From 2022-2023, I was the Greenhouse Development Program Manager for Iron Ox, which transitioned to my role as the Integration PM at [Inevitable Tech](#) in Lockhart, TX. I also own and operate a residential property management business, consult for ag and general business ventures, and most recently was honored to accept the position of Transportation Manager for the Texas Hospitality Collective, also based in Lockhart, TX.

When I’m not working, I enjoy walking the pups with my wife, hanging out with family and friends, and experiencing as much live music and amazing food as this great area has to offer. I love to travel and I’m extremely grateful that my hard-working wife and I have made it a point to pursue new adventures as often as possible. I strive for an appropriate work-life balance, knowing that my efforts in both professional endeavours and serving my family, friends, and community generate priceless returns.

If I have learned anything throughout my professional career, it’s that people truly make all the difference. Whether it’s new age, fully automated, AI-governed operations or the labor-intensive practices of a commercial mushroom farm, there are people at the foundation of everything we do and they need to be supported, challenged, and respected.

Frederick Douglas once penned, “I prefer to be true to myself, even at the hazard of incurring the ridicule of others, rather than to be false, and to incur my own abhorrence.” When I read this for the first time, it truly resonated with me. I strive to wake up each morning with a mindset of remaining true to myself—this means, (1) making the most of every opportunity, because the days are short and there are no guarantees; (2) following my heart in decision-making with genuine love and respect for others at the core of every choice I am given; and (3) always making sure that whatever I find myself doing, it is bringing me happiness and beneficial knowledge that I can pass on to others along the way.

Thank you very much for your consideration.

Sincerely,

Levi Garrett

Levi Garrett

Securing efficiency through empowerment.

| Lockhart, TX



EXPERIENCE

Texas Hospitality Collective | Lockhart, TX

Transportation Manager | Jul 2025 – Present

Responsible for all logistics programming, inventory management and sourcing of goods for local hospitality outreach and disaster relief in partnership with [Mill Scale Metalworks](#), [Best Little Wine & Books](#), [Local Foods Group](#), [Waterin'](#) and many other distinguished partners.

Iron Ox / [Inevitable Tech](#) | Lockhart, TX

Integration Project Manager | Jan 2023 – Nov 2023

Responsible for leading and coordinating rigorous experimentation, feedback, project plans, deployment, and operationalization for the company's Propagation Tech development.

Work as an internal, independent advisor to secure executive, domain-level & external alignment, optimal operational hygiene across all departments, continuous improvement and innovative product development.

Some notable accomplishments:

- Led comprehensive re-brand with release via Global CEA 4.0
- Secured customer base for veggie seedling venture
 - [inevitablyhomegrown.com](#)
- Led internal team in product development for dynamic operational mapping, task management, & inventory management application with pilot program adoption by River Field Farms (Chef Bryce Gilmore, Barley Swine / Odd Duck / Sour Duck Market)

Greenhouse Development Program Manager | Jun 2022 – Jan 2023

The "Ops" element of the Program Management Office, responsible for on-site management of the greenhouse and support facility. Influence, facilitate the design, construction, integration & deployment of foundational robotics and general systems infrastructure.

Bolster In-/External stakeholder alignment. Develop, report on strategies to increase throughput & minimize footprint. Define, measure KPI's and champion cross-functional solutions. Built a network of innovative partners to revolutionize Controlled Environment Agriculture.

CERTIFICATIONS

Advanced HACCP

AHA CPR/AED

EPA Worker Protection Standard

FDA Sanitary Transport of Human & Animal Food

Food Defense Coordinator

FSPCA Preventive Controls for Human Food (PCQI)

PSA Grower Food Safety

SkillPath Leadership Development & Teambuilding

United Fresh Recall Ready

INDUSTRY KNOWLEDGE

Ag Commodities Procurement

Branding & Product Development

Corrective Action, Verification & Validation

Environmental Monitoring Programs

Food Defense

Food Safety Management Systems

Hazard Communication Programs

Operational Flow & Vertical Integration

People & Culture, HR

EXPERIENCE, cont'd

Kitchen Pride Mushroom Farms | Gonzales, TX

QA & Facility Manager | Sept 2021 – May 2022

Promote a proactive culture of plant-wide Continuous Improvement.
Manage administrative responsibilities related to Information Technology & Security. Manage procurement of business-critical raw materials.

QA Manager | Jan 2016 – Sept 2021

Lead in execution of the company's Food Safety Management System (FSMS). Manage all levels of regulatory compliance, company P&P's, and various departments' budgets. Facilitate facility expansion efforts.

Quality Assurance Technician | Feb 2014 – Dec 2015

Execute the company's Food Safety Management System (FSMS).

EDUCATION

Texas A&M University | College Station, TX

2009-2012 | Psychology, Business

IND. KNOWLEDGE, cont'd

Real Estate & Construction

Risk Analysis & Critical Limits

two12°

USDA FoodData Central

TOOLS & TECH

Adobe, Google & Office
Applications

Critical Equipment &
Operational Dashboard
Development

Figma

Google Analytics

monday.com

Remote Server Management

Ubiquiti UniFi

BOARD OF ADJUSTMENT

Section 64-95, Zoning Ordinance

Seven (7) Members

First Name	Last Name		Address1	Council Member	Date Appt
Mike	Annas		914 S. Guadalupe	Mayor White	1/19/2021
Laura	Cline		1313 Walter Ellison	Angie Sanchez	1/7/2020
Shawn	Martinez		523 Cibilo	David Bryant John Castillo	3/16/2021
Arnold	Proctor		515 S. Main St.	Brad Westmoreland	3/5/2024
Lori	Rangel		801 W. San Antonio, Apt. A.	Juan Mendoza	3/7/2017
Wayne	Reeder		910-F S. Guadalupe	Jeffry Michelson	12/15/2020
Lucy	Knight	Alternate	1532 Parkview Dr.	Jeffry Michelson	11/15/2022
Patrick	Stroka		1204 Sierra Vista Cv.	John Lairsen	2/20/2024
VACANT	Alternate position	Alternate			

City Planner - staff liaison

Updated: April 10, 2024

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding nomination of Rebekah Troche to the Library Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Burge has nominated Rebekah Troche to be appointed to the Library Advisory Board.

After reviewing the application, Ms. Troche meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

The announcement of nomination occurred during the February 3, 2026 Council meeting.

Action of appointment, should Council move to appoint Ms. Troche to the board, will occur during the February 17, 2026 Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: Announcement of nomination made during the February 3, 2026 Council meeting.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Rebekah Troche - board application , Library Board roster

APPLICANT'S NAME: Rebekah Troche

BOARD NAME(S): Library Advisory Board

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.
Date of residency in Lockhart: X CALDWELL COUNTY RESIDENT
- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.
Date qualified voter in Lockhart: 12/2024
- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.
Removed from another board? YES or NO
If yes, date _____ and board _____
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
Serves on another board? YES or NO
If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:

Library Board

Y or N City Resident?
Y or N
If no, Caldwell County resident? (Up to two county residents may serve)
Current # members that are county residents? REPLACING JODI KING (A COUNTY RESIDENT)

Library Advisory Board does not have a set meeting date or time. The Board only meets when there are items pending their review. The Board duties are to encourage development of the public library, recommend to the city council policies and programs for the advancement of the library, cooperate with all other public and private groups in advancing the best interests of the public library, and to render to the city council all recommendations it considers advisable regarding the library. Up to two members who are not city residents but are residents of Caldwell County may serve on the Board. The Board consists of seven members that serve a three-year term. The Director of Library Services is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified? YES NO DISCRETION OF THE COUNCIL

NOTES: _____

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

1. PERSONAL INFORMATION

Full Legal Name Rebekah Joy Troche		Preferred Name Bekah	
Physical Home Address 1429 Lovers Ln			
Mailing Address (if different)			
City Lockhart	State Texas	Zip 78644	
Home Phon		Work Phone	
Mobile Phon			
Email Addre			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☒	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☐	Parks & Recreation Advisory Board
☐	Electric Board	☐	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

My family and I love the Dr. Eugene Clark Library, and are regular patrons, checking out books each week, attending events, and even creating meetups with homeschool co-ops by reserving community rooms. My family enjoys this space the most in our town! I've volunteered at many library events, playing kids music at storytime, and helping out where I can. I would love to be a part of making sure the library continues to serve Lockhart as a space of community engagement, education, and connection. Thanks for considering me!

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

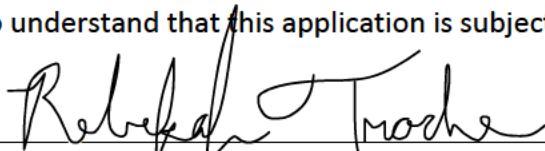
YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.


Applicant's Signature

01-14-2026

Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
jbowermon@lockhart-tx.org

LIBRARY BOARD

Chapter 32 - Code of Ordinances

Three (3) year terms

First Name	Last Name		Council Member	Date Appt
Shirley	Williams		Juan Mendoza	12/17/2019
Jean	Clark-Fox		John Lairsen	2/20/2024
Stephanie	Riggin	County Resident	Mayor White	1/19/2021
Rebecca	Lockhart		Brad Westmoreland	2/4/2020
Quartermetra	Hughes		David Bryant	10/20/2020
Jody	King	County Resident	Angie Sanchez	1/7/2020
Donaly	Brice		Jeffry Michelson	12/15/2020

*Elsie Glosserman (Member Emerita as of 10/28/86)
1125 Magnolia

Liaison: Librarian

Updated: Feb 20, 2024

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion regarding nomination of Paul Rockwood to the Parks & Recreation Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Burge has nominated Paul Rockwood to be appointed to the Parks & Recreation Advisory Board.

After reviewing the application, Mr. Rockwood meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

The announcement of nomination occurred during the February 3, 2026 Council meeting.

Action to appointment, should Council move to appoint Mr. Rockwood to the board, will occur during the February 17, 2026 meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: Announcement of nomination occurred during the February 3, 2026 Council meeting.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Paul Rockwood - board application, Parks and Rec Board roster

APPLICANT'S NAME: Paul RockwoodBOARD NAME(S): Parks & Recreation Advisory Board

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.
Date of residency in Lockhart: APRIL 2022
- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.
Date qualified voter in Lockhart: SEPT / 2022
- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.
Removed from another board? YES or NO
If yes, date _____ and board _____
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
Serves on another board? YES or NO
If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:**PARKS**Y

or

N

City Resident? If no, applicant does not qualify.

Parks and Recreation Advisory Board meets on the fourth Thursday at 5:30 p.m. each month if there are items pending the Board's review. The Board's duties are to recommend to the city council policies and programs for the advancement and betterment of city parks and recreation; to render to the city manager recommendations concerning the annual budget of the parks and recreation department for presentation to the city council; to make recommendations to the city council regarding proposed parks facilities and recreation programs, encourage public interest in parks facilities and recreation programs and solicit the cooperation of public and private agencies in the advancement of city parks and recreation; to make recommendations through the city manager to the city council regarding special requests for use of public parks or facilities; and to make recommendations through the city manager to the city council regarding the use of donations, legacies or requests made to the city for the furtherance of city park facilities. All members must reside within the city limits. The Board consists of seven members that serve a three-year term. The Parks Manager is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

1. PERSONAL INFORMATION

Full Legal Name Paul Rockwood Jr		Preferred Name Paul	
Physical Home Address 603 S. Blanco St			
Mailing Address (if different)			
City Lockhart	State Tx	Zip 78644	
Home Phone		Work Phone	
Mobile Phone			
Email Address			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☐	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☒	Parks & Recreation Advisory Board
☐	Electric Board	☐	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

As a previous employee of the parks department, I'm passionate about enhancing community spaces and believe that well-maintained parks and recreational programs strengthen quality of life, promote health, and foster connections among residents. Serving on the board would allow me to contribute to these goals and help shape the future of our community.

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

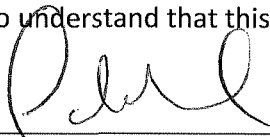
YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.



Applicant's Signature

1. 13. 2026

Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
jbowermon@lockhart-tx.org

PARKS AND RECREATION BOARD

Ord. 86-50, Adopted 11-25-86

First Name	Last Name	Address1	Address2	Council Member	Date Appt
Rob	Ortiz	1004 N.Commerce		John Castillo	8/20/2024
Dennis	Placke	1011 W.Live Oak St.		Brad Westmoreland	2/4/2020
Karla	Tate	500 Caribbean Dr.		Mayor White	2/2/2021
Lee	Parra	209 Windridge Dr. N.		Angie Sanchez	8/17/2021
Curtis	Hawkins	105A Mocking Bird Lane		Juan Mendoza	6/3/2025
Warren	Burnett	1205 Rio Vista Cove		John Lairsen	2/20/2024
Russell	Wheeler	607 La Feliciana Dr.		Jeffry Michelson	12/15/2020
				Non-Voting member	
				Non-Voting member	
				Non-Voting member	

Staff Liaison: Parks and Recreation Director
Joseph Resendez, City Manager

NOTE:

Sec. 40-133. Members.

(a) The board shall consist of seven members appointed in accordance with section 2-210 to serve three years terms, such terms to coincide with the council position making the appointment and two alternates shall also be appointed by the mayor and mayor pro tem, one each. The two alternates shall also serve the term coinciding with the council position making the appointments. Vacancies shall be filed for an unexpired term in the manner in which the original appointments are required to be made. (Ordinance 06-08, adopted February 7, 2006)

Updated: June 3, 2025

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Announcement of nomination of Patricia Belote to the Animal Shelter Advisory Board by Mayor Lew White for a term to expire in November 2026.

ORIGINATING DEPARTMENT AND CONTACT: Council - Mayor Lew White

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Mayor White has nominated Patricia Belote to be appointed to the Animal Shelter Advisory Board.

After reviewing the application, Ms. Belote meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

This item is the announcement of nomination. If the Council should move to appoint Ms. Belote to the board, action of appointment will occur during a subsequent Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: None.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Patricia Belote - Board Application , ASAB roster

BOARD QUALIFICATION CHECKLIST

DATE RECEIVED: APRIL 29, 2025APPLICANT'S NAME: Patricia Ann Belote, DVMBOARD NAME(S): Animal Shelter Advisory Board

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.
Date of residency in Lockhart: 1995 APPROX.
- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.
Date qualified voter in Lockhart: 2008
- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.
Removed from another board? YES or NO
If yes, date _____ and board _____
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
Serves on another board? YES or NO
If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:

Animal Shelter Advisory Board

- Y or N Licensed veterinarian?
Y or N Municipal or county official? _____
Y or N Person whose duties include operation of animal shelter?
Y or N Member of an animal welfare organization (defined as an incorporated or formally organized not-for-profit entity concerned with the health, safety, and wellness of animals?)
Y or N Citizen of the City or County? (one or more)

Animal Shelter Advisory Board is appointed by the City Council. The board shall be comprised of not more than seven persons and may include persons who are not residents of the City. To the extent available, membership shall include the following: a licensed veterinarian; a municipal or county official; a person whose duties include operation of an animal shelter; a member of an animal welfare organization (defined as an incorporated or formally organized not-for-profit entity concerned with the health, safety, and wellness of animals); and one or more citizens of the City or County. The purpose and scope of the board shall be the following: assist the City in the development of the Animal Shelter's mission and policies; review and recommend long range planning and budgeting for the Shelter; contribute information relevant to Animal Services program development, policies, and procedures; and promote awareness of the services and procedures of the Shelter. The Board's authority is as follows: 1. The Board's authority is advisory and is not operational in nature; 2. The Board shall not establish or include formal policies to be followed other than those set forth from time to time by the Council; 3. Neither the Board nor any of its members may commit or expend city funds, direct city staff, or speak for the council or the city without prior council authorization; 4. The Board shall report to the City Manager or his/her designee; 5. All recommendations and proposals for action concerning the shelter shall be presented to the Council for approval before any action is taken. The Board shall meet at least three times a year or when an additional meeting is called.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

MS. BELOTE IS A LICENSED VETERINARIAN BUT DOES NOT CURRENTLY PRACTICE. SHE STATED SHE "PROVIDES RELIEF WORK" WHEN NEEDED.
Julie Bowerman
5.1.25

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

APR 29 2025

@1:57pm

CITY OF LOCKHART
CITY SECRETARY'S OFFICE

1. PERSONAL INFORMATION

Full Legal Name Patricia Ann Belote, DVM		Preferred Name Trisha
Physical Home Address 421 S. Church St		
Mailing Address (if different)		
City Lockhart	State TX	Zip 78644
Home Phone		Work Phone
Mobile Phone		
Email Address trishabelote@gmail.com		
Date of Birth		

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☒	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☐	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☐	Parks & Recreation Advisory Board
☐	Electric Board	☐	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

SEE ATTACHED

3. BOARD MEMBER QUALIFICATIONS

Application for the Review Board

As a business owner in the City of Lockhart for over 40 years and a licensed veterinarian who resides in the City of Lockhart and who provides veterinary services to the citizens of Lockhart and Caldwell County, I am acutely aware of the rapidly growing population of the area as well as the rapid growth of the animal population in need of services within the city. I am aware of the needs of the City of Lockhart Animal Shelter and the need for professional assistance and guidance in meeting these needs. I will be able to provide guidance in the adoption and implementation of policies and procedures to meet the needs of the City residents and their pets. I have been an advocate for spaying and neutering feral cats to insure a safe population and can offer my ideas to the other board members in establishing methods for the shelter to work effectively and efficiently toward a goal of insuring the health, safety and wellness of the animals within the city.

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

YES	NO	Please answer the following questions about Board/Commission qualifications:
X		Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
X		Are you a registered voter?
	X	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
	X	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.

Patricia Belote, DUM
Applicant's Signature

4/27/2025
Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office

Phone: 512.398.3461
jbowermon@lockhart-tx.org

Animal Shelter Advisory Board

Ord. 2024-01, Adopted 1-2-24

Seven (7) Members

First Name	Last Name	City or County resident?	Board Position	Date Appt	Exp
Gary	Williamson	No	Municipal or County Official	2/20/2024	N/A
Nikole	Lockard	City	person whoes duties include operation of a shelter	2/20/2024	N/A
BJ	Westmoreland	County	Municipal or County Official	2/20/2024	N/A
Vacant	Morgan Siewert resigned		licensed veterinarian		
Susan	Faigout	City	member of an animal welfare organization (Caldwell County Animal Coalition)	2/20/2024	N/A
Andrea	Theriot		member of an animal welfare organization (Take Me Home Advocates for Transport)	2/21/2024	N/A
Alexanda	Worthington	City	Lockhart resident	2/22/2024	N/A

Police Chief - staff liaison

Updated:

NOTES:

Sec. 10-20. Animal Shelter Advisory Board

- a) The city council shall appoint an animal shelter advisory board.
- b) The board shall be comprised of not more than seven persons and may include persons who are not residents of the City. To the extent available, membership shall include the following:
 1. A licensed veterinarian;
 2. A municipal or county official;
 3. A person whose duties include operation of an animal shelter;
 4. A member of an animal welfare organization (defined as an incorporated or formally organized not-for-profit entity concerned with the health, safety, and wellness of animals); and
 5. One or more citizens of the City or County.
- c) The purpose and scope of the board shall be the following:
 1. Assist the City in the development of the Animal Shelter's mission and policies.
 2. Review and recommend long range planning and budgeting for the Shelter.
 3. Contribute information relevant to Animal Services program development, policies, and procedures.
 4. Promote awareness of the services and procedures of the Shelter.
- d) The Board's authority is as follows:
 1. The Board's authority is advisory and is not operational in nature.
 2. The Board shall not establish or include formal policies to be followed other than those set forth from time to time by the Council.
 3. Neither the Board nor any of its members may commit or expend city funds, direct city staff, or speak for the council or the city without prior council authorization.
 4. The Board shall report to the City Manager or his/her designee
 5. All recommendations and proposals for action concerning the shelter shall be presented to the Council for approval before any action is taken.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Announcement of nomination of Maxwell Yancy to the Planning and Zoning Commission by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Taylor Burge has nominated Maxwell Yancy to be appointed to the Planning and Zoning Commission.

After reviewing the application, Mr. Yancy meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

This item is the announcement of nomination. If the Council should move to appoint Mr. Yancy to the board, action of appointment will occur during a subsequent Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: None.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Maxwell Yancy - Board Application , P & Z roster

BOARD QUALIFICATION CHECKLIST DATE RECEIVED: _____APPLICANT'S NAME: Maxwell YancyBOARD NAME(S): Planning & Zoning Commission

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.
Date of residency in Lockhart: SEPT 2023 (APPROX)
- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.
Date qualified voter in Lockhart: 1/2024
- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.
Removed from another board? YES or NO
If yes, date _____ and board _____
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
Serves on another board? YES or NO
If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:Planning & Zoning Commission

Y or N City Resident? If no, applicant does not qualify.

Planning and Zoning Commission meets on the second and fourth Wednesday at 7:00 p.m. each month. The Commission's duties are to review applications for zoning changes, hear public comments, and make recommendations to the council regarding such applications; review applications for specific use permits, hear public comments, and grant, grant with modification, or deny such applications; review proposed preliminary subdivision plats, engineering plans, requested plat and plan variances, and proposed restrictive covenants and make recommendations to the council pertaining to each; review proposed plats and plans for mobile home parks and for such other developments as may be required by ordinance and make recommendations to the council pertaining to such; recommend to the council for amendments, extensions, and additions to the comprehensive master plan of the city, including the land use plan and the thoroughfare plan; recommend to the council for changes to the official zoning map of the city; when appropriate, make a determination of appropriate zoning or use; and perform such other duties as may be duly delegated to them from time to time by the council. All members must reside within the city limits. The Board consists of seven members that serve a three-year term. The City Planner is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

1. PERSONAL INFORMATION

Full Legal Name Maxwell Yancy		Preferred Name Max	
Physical Home Address 901 W. Prairie Lea St.			
Mailing Address (if different)			
City Lockhart	State TX	Zip 78644	
Home Phone n/a		Work Phone	
Mobile Phone			
Email Address			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☐	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☐	Parks & Recreation Advisory Board
☐	Electric Board	☒	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

As a civically engaged citizen, small business owner, and public policy enthusiast I am very excited at the opportunity to serve as a member of the Planning & Zoning Commission. Especially in this moment of rapid growth, it is extremely important to guide how our community develops. I look forward to putting in the time and effort necessary to be an informed and engaged member of the commission.

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

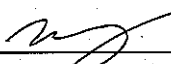
YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.


Applicant's Signature

01/26/2026

Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
jbowermon@lockhart-tx.org

PLANNING & ZONING COMMISSION

Sec. 8.03 Charter

Three-year staggered term

First Name	Last Name					Council Member
Philip	McBride					John Lairsen
Philip	Ruiz					Angie Sanchez
Bradley	Lingvai					Brad Westmoreland
Julia	Haug					Juan Mendoza
Dr. Ronald	Peterson					Mayor White
Manuel	Oliva					David Bryant
Rick	Arnic					Jeffry Michelson
IMPACT FEE ADVISORY COMMITTEE - COUNTY RESIDENT APPOINTMENT						
Larry	Metzler					Mayor White

City Planner - staff liaison

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Announcement of nomination of Erica Saucedo to the Planning and Zoning Commission by Councilmember Juan Mendoza for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Juan Mendoza

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Juan Mendoza has nominated Erica Saucedo to be appointed to the Planning and Zoning Commission.

After reviewing the application, Ms. Saucedo meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

This item is the announcement of nomination. If the Council should move to appoint Ms. Saucedo to the board, action of appointment will occur during a subsequent Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: None.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Erica Saucedo - Board Application , P & Z roster

APPLICANT'S NAME: Erica Marie SaucedoBOARD NAME(S): Planning and Zoning Commission

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.
Date of residency in Lockhart: APPROX SEPT 2023
- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.
Date qualified voter in Lockhart: 2023
- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.
Removed from another board? YES or NO
If yes, date _____ and board _____
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
Serves on another board? YES or NO
If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:Planning & Zoning Commission

Y or N City Resident? If no, applicant does not qualify.

Planning and Zoning Commission meets on the second and fourth Wednesday at 7:00 p.m. each month. The Commission's duties are to review applications for zoning changes, hear public comments, and make recommendations to the council regarding such applications; review applications for specific use permits, hear public comments, and grant, grant with modification, or deny such applications; review proposed preliminary subdivision plats, engineering plans, requested plat and plan variances, and proposed restrictive covenants and make recommendations to the council pertaining to each; review proposed plats and plans for mobile home parks and for such other developments as may be required by ordinance and make recommendations to the council pertaining to such; recommend to the council for amendments, extensions, and additions to the comprehensive master plan of the city, including the land use plan and the thoroughfare plan; recommend to the council for changes to the official zoning map of the city; when appropriate, make a determination of appropriate zoning or use; and perform such other duties as may be duly delegated to them from time to time by the council. All members must reside within the city limits. The Board consists of seven members that serve a three-year term. The City Planner is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

1. PERSONAL INFORMATION

Full Legal Name Erica Marie Saucedo		Preferred Name Erica Marie	
Physical Home Address 213 Summit Drive, Lockhart TX 78644			
Mailing Address (if different) Same as above			
City		State	Zip
Home Phone		Work Phone	
Mobile Phone			
Email Address			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☐	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☐	Parks & Recreation Advisory Board
☐	Electric Board	☒	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

My desire to be selected for this position reflects-stems my commitment to continued growth and community involvement. My background includes extensive experience reviewing applications, preparing recommendations and amendments, delegating to appropriate personnel, and several years of public speaking.

I would appreciate your consideration of any other positions that may be a better fit for my qualifications, experience and background.

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

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- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.



Applicant's Signature

01FEB2026

Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
jbowermon@lockhart-tx.org

PLANNING & ZONING COMMISSION

Sec. 8.03 Charter

Three-year staggered term

First Name	Last Name					Council Member
Philip	McBride					John Lairsen
Philip	Ruiz					Angie Sanchez
Bradley	Lingvai					Brad Westmoreland
Julia	Haug					Juan Mendoza
Dr. Ronald	Peterson					Mayor White
Manuel	Oliva					David Bryant
Rick	Arnic					Jeffry Michelson
IMPACT FEE ADVISORY COMMITTEE - COUNTY RESIDENT APPOINTMENT						
Larry	Metzler					Mayor White

City Planner - staff liaison

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Acknowledgment of receipt of the 2025 Racial Profiling Report.

ORIGINATING DEPARTMENT AND CONTACT: Police - Gary Williamson

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: State law requires collection of information relating to motor vehicle stops in which a citation or warning is issued and for arrests made due to traffic stops. In addition, State law requires the following:

1. A comparative analysis of the information compiled;
2. Evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and person who are not recognized as racial or ethnic minorities;
3. Examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including searches resulting from stops within the applicable jurisdiction;
4. Evaluate and compare the number of searches resulting from motor vehicle stops within the applicable jurisdiction and whether contraband or other evidence was discovered during those searches and whether the individual detained consented to the search;
5. Information relating to each complaint filed with the agency alleging that a peace officer employed by the agency was engaged in racial profiling;
6. Whether the peace officer knew the race or ethnicity of the individual detained before detaining the individual;
7. Whether the peace officer used physical force that resulted in bodily injury, as that term is defined by Section 1.07, Penal Code, during the stop;
8. Location of the stops; and
9. The reason for the stops.

PROJECT SCHEDULE (if applicable): N/A

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

City of Lockhart, Texas

Council Agenda Item Cover Sheet

PREVIOUS COUNCIL ACTION: N/A

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: Motion to acknowledge receipt of the 2025 Racial Profiling Report and place it on file.

LIST OF SUPPORTING DOCUMENTS: 2025 Racial Profiling Report - Lockhart PD, 2025 Racial Profiling Analysis - Lockhart PD

Racial Profiling Report | Full

Agency Name: LOCKHART POLICE DEPT.
Reporting Date: 01/23/2026
TCOLE Agency Number: 055201

Chief Administrator: GARY P WILLIAMSON

Agency Contact Information:
Phone: (512) 398-4401
Email: gwilliamson@ps.lockhart-tx.org

Mailing Address:
214 BUFKIN LN, LOCKHART, TX, 786444006

This Agency filed a full report

LOCKHART POLICE DEPT. has adopted a detailed written policy on racial profiling. Our policy:

- 1) clearly defines acts constituting racial profiling;
- 2) strictly prohibits peace officers employed by the LOCKHART POLICE DEPT. from engaging in racial profiling;
- 3) implements a process by which an individual may file a complaint with the LOCKHART POLICE DEPT. if the individual believes that a peace officer employed by the LOCKHART POLICE DEPT. has engaged in racial profiling with respect to the individual;
- 4) provides public education relating to the agency's complaint process;
- 5) requires appropriate corrective action to be taken against a peace officer employed by the LOCKHART POLICE DEPT. who, after an investigation, is shown to have engaged in racial profiling in violation of the LOCKHART POLICE DEPT. policy;
- 6) requires collection of information relating to motor vehicle stops in which a warning or citation is issued and to arrests made as a result of those stops, including information relating to:
 - a. the race or ethnicity of the individual detained;
 - b. whether a search was conducted and, if so, whether the individual detained consented to the search;
 - c. whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual;
 - d. whether the peace officer used physical force that resulted in bodily injury during the stop;
 - e. the location of the stop;
 - f. the reason for the stop.
- 7) requires the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
 - a. the Commission on Law Enforcement; and
 - b. the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

The LOCKHART POLICE DEPT. has satisfied the statutory data audit requirements as prescribed in Article 2.133(c), Code of Criminal Procedure during the reporting period.

Executed by: Daniel Williams
Captain

Date: 01/23/2026

Total stops: 5337

Street address or approximate location of the stop

City street	4523
US highway	659
County road	19
State highway	131
Private property or other	5

Was race or ethnicity known prior to stop?

Yes	47
No	5290

Race / Ethnicity

Alaska Native / American Indian	29
Asian / Pacific Islander	44
Black	480
White	1824
Hispanic / Latino	2960

Gender

Female	1865
Alaska Native / American Indian	6
Asian / Pacific Islander	14
Black	158
White	700
Hispanic / Latino	987
Male	3472
Alaska Native / American Indian	23
Asian / Pacific Islander	30
Black	322
White	1124
Hispanic / Latino	1973

Reason for stop?

Violation of law	106
Alaska Native / American Indian	0
Asian / Pacific Islander	1
Black	10
White	39

Hispanic / Latino	56
Preexisting knowledge	20
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	3
White	5
Hispanic / Latino	12
Moving traffic violation	2722
Alaska Native / American Indian	12
Asian / Pacific Islander	24
Black	224
White	973
Hispanic / Latino	1489
Vehicle traffic violation	2489
Alaska Native / American Indian	17
Asian / Pacific Islander	19
Black	243
White	807
Hispanic / Latino	1403
Was a search conducted?	
Yes	286
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	48
White	54
Hispanic / Latino	183
No	5051
Alaska Native / American Indian	28
Asian / Pacific Islander	44
Black	432
White	1770
Hispanic / Latino	2777
Reason for Search?	
Consent	19
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	6

Description of contraband

Drugs	180
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	35
White	26
Hispanic / Latino	118
Weapons	3
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	1
Hispanic / Latino	1
Currency	3
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	0
Hispanic / Latino	2
Alcohol	62
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	3
White	11
Hispanic / Latino	48
Stolen property	0
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
Other	61
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	11
White	8
Hispanic / Latino	42

Result of the stop

Verbal warning	266
-----------------------	------------

Alaska Native / American Indian	0
Asian / Pacific Islander	5
Black	19
White	115
Hispanic / Latino	127
Written warning	3124
Alaska Native / American Indian	22
Asian / Pacific Islander	31
Black	310
White	1167
Hispanic / Latino	1594
Citation	1849
Alaska Native / American Indian	5
Asian / Pacific Islander	8
Black	143
White	519
Hispanic / Latino	1174
Written warning and arrest	56
Alaska Native / American Indian	2
Asian / Pacific Islander	0
Black	5
White	13
Hispanic / Latino	36
Citation and arrest	28
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	5
Hispanic / Latino	22
Arrest	14
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	2
White	5
Hispanic / Latino	7
Arrest based on	
Violation of Penal Code	72
Alaska Native / American Indian	1
Asian / Pacific Islander	0

Black	5
White	17
Hispanic / Latino	49
Violation of Traffic Law	11
Alaska Native / American Indian	1
Asian / Pacific Islander	0
Black	2
White	3
Hispanic / Latino	5
Violation of City Ordinance	0
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
Outstanding Warrant	15
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	1
White	3
Hispanic / Latino	11

Was physical force resulting in bodily injury used during stop?

Yes	0
Alaska Native / American Indian	0
Asian / Pacific Islander	0
Black	0
White	0
Hispanic / Latino	0
Resulting in Bodily Injury To:	
Suspect	0
Officer	0
Both	0
No	5337
Alaska Native / American Indian	29
Asian / Pacific Islander	44
Black	480
White	1824
Hispanic / Latino	2960

Number of complaints of racial profiling

Total	0
Resulted in disciplinary action	0
Did not result in disciplinary action	0

Comparative Analysis

Use TCOLE's auto generated analysis	☐
Use Department's submitted analysis	☒

Optional Narrative

N/A

Submitted electronically to the



The Texas Commission on Law Enforcement

Texas Racial Profiling SB1187 Dashboard Lockhart, TX PD

January 1, 2025 - December 31, 2025

Type of Stop: All

Stop Result: All

Officer: All

Officer Troop or Unit:

Officer Agency: POLICE DEPARTMENT

01 Total Traffic Stops

5,337

02 Location of Stop

CITY STREET	84.75%	4,523
COUNTY ROAD	0.36%	19
PRIVATE PROPERTY OR OTHER	0.09%	5
STATE HIGHWAY	2.45%	131
US HIGHWAY	12.35%	659
Grand Total	100.00%	5,337

03 Was Race Known Prior to Stop

NO	99.12%	5,290
YES	0.88%	47
Grand Total	100.00%	5,337

04 Race or Ethnicity

ALASKA NATIVE/AMERICAN INDIAN	0.54%	29
ASIAN/PACIFIC ISLANDER	0.82%	44
BLACK	8.99%	480
HISPANIC/LATINO	55.46%	2,960
WHITE	34.18%	1,824
Grand Total	100.00%	5,337

05 Gender

FEMALE	ALASKA NATIVE/AMERICAN INDIAN	0.32%	6
	ASIAN/PACIFIC ISLANDER	0.75%	14
	BLACK	8.47%	158
	HISPANIC/LATINO	52.92%	987
	WHITE	37.53%	700
	Total	100.00%	1,865
MALE	ALASKA NATIVE/AMERICAN INDIAN	0.66%	23
	ASIAN/PACIFIC ISLANDER	0.86%	30
	BLACK	9.27%	322
	HISPANIC/LATINO	56.83%	1,973
	WHITE	32.37%	1,124
	Total	100.00%	3,472
Grand Total		100.00%	5,337

06 Reason for Stop

MOVING TRAFFIC VIOLATION	ALASKA NATIVE/AMERICAN INDIAN	0.44%	12
	ASIAN/PACIFIC ISLANDER	0.88%	24
	BLACK	8.23%	224
	HISPANIC/LATINO	54.70%	1,489
	WHITE	35.75%	973
	Total	100.00%	2,722
PRE EXISTING KNOWLEDGE	BLACK	15.00%	3
	HISPANIC/LATINO	60.00%	12
	WHITE	25.00%	5
	Total	100.00%	20
VEHICLE TRAFFIC VIOLATION	ALASKA NATIVE/AMERICAN INDIAN	0.68%	17
	ASIAN/PACIFIC ISLANDER	0.76%	19
	BLACK	9.76%	243
	HISPANIC/LATINO	56.37%	1,403
	WHITE	32.42%	807
	Total	100.00%	2,489
VIOLATION OF LAW	ASIAN/PACIFIC ISLANDER	0.94%	1
	BLACK	9.43%	10
	HISPANIC/LATINO	52.83%	56
	WHITE	36.79%	39
	Total	100.00%	106
Grand Total		100.00%	5,337

07 Was a Search Conducted

NO	ALASKA NATIVE/AMERICAN INDIAN	0.55%	28
	ASIAN/PACIFIC ISLANDER	0.87%	44
	BLACK	8.55%	432
	HISPANIC/LATINO	54.98%	2,777
	WHITE	35.04%	1,770
	Total	100.00%	5,051
YES	ALASKA NATIVE/AMERICAN INDIAN	0.35%	1
	BLACK	16.78%	48
	HISPANIC/LATINO	63.99%	183
	WHITE	18.88%	54
	Total	100.00%	286
Grand Total		100.00%	5,337

08 Reason for Search

CONSENT	HISPANIC/LATINO	68.42%	13
	WHITE	31.58%	6
	Total	100.00%	19
CONTRABAND IN PLAIN VIEW	BLACK	14.29%	2
	HISPANIC/LATINO	71.43%	10
	WHITE	14.29%	2
	Total	100.00%	14
INCIDENT TO ARREST	BLACK	25.00%	2
	HISPANIC/LATINO	50.00%	4
	WHITE	25.00%	2
	Total	100.00%	8
INVENTORY	BLACK	9.09%	3
	HISPANIC/LATINO	57.58%	19
	WHITE	33.33%	11
	Total	100.00%	33
PROBABLE CAUSE	ALASKA NATIVE/AMERICAN INDIAN	0.47%	1
	BLACK	19.34%	41
	HISPANIC/LATINO	64.62%	137
	WHITE	15.57%	33
	Total	100.00%	212
Grand Total		100.00%	286

09 Was Contraband Discovered

YES	ALASKA NATIVE/AMERICAN INDIAN	Finding Resulted in Arrest - No	0.45%	1
	Total		0.45%	1
	BLACK	Finding Resulted in Arrest - Yes	0.89%	2
		Finding Resulted in Arrest - No	15.63%	35
	Total		16.52%	37
	HISPANIC/LATINO	Finding Resulted in Arrest - Yes	13.39%	30
		Finding Resulted in Arrest - No	53.13%	119
	Total		66.52%	149
	WHITE	Finding Resulted in Arrest - Yes	3.57%	8
		Finding Resulted in Arrest - No	12.95%	29
	Total		16.52%	37
	Total		100.00%	224
NO	BLACK		17.74%	11
	Total		17.74%	11
	HISPANIC/LATINO		54.84%	34
	Total		54.84%	34
	WHITE		27.42%	17
	Total		27.42%	17
	Total		100.00%	62
Grand Total			100.00%	286

10 Description of Contraband

ALCOHOL	ALASKA NATIVE/AMERICAN INDIAN	1.59%	1
	BLACK	4.76%	3
	HISPANIC/LATINO	76.19%	48
	WHITE	17.46%	11
	Total	100.00%	63
CURRENCY	BLACK	33.33%	1
	HISPANIC/LATINO	66.67%	2
	Total	100.00%	3
DRUGS	ALASKA NATIVE/AMERICAN INDIAN	0.56%	1
	BLACK	19.44%	35
	HISPANIC/LATINO	65.56%	118
	WHITE	14.44%	26
	Total	100.00%	180
OTHER	BLACK	18.03%	11
	HISPANIC/LATINO	68.85%	42
	WHITE	13.11%	8
	Total	100.00%	61
WEAPONS	BLACK	33.33%	1
	HISPANIC/LATINO	33.33%	1
	WHITE	33.33%	1
	Total	100.00%	3
Grand Total		100.00%	310

1.1 Result of Stop

ARREST	BLACK	14.29%	2
	HISPANIC/LATINO	50.00%	7
	WHITE	35.71%	5
	Total	100.00%	14
CITATION	ALASKA NATIVE/AMERICAN INDIAN	0.27%	5
	ASIAN/PACIFIC ISLANDER	0.43%	8
	BLACK	7.73%	143
	HISPANIC/LATINO	63.49%	1,174
	WHITE	28.07%	519
	Total	100.00%	1,849
CITATION AND ARREST	BLACK	3.57%	1
	HISPANIC/LATINO	78.57%	22
	WHITE	17.86%	5
	Total	100.00%	28
VERBAL WARNING	ASIAN/PACIFIC ISLANDER	1.88%	5
	BLACK	7.14%	19
	HISPANIC/LATINO	47.74%	127
	WHITE	43.23%	115
	Total	100.00%	266
WRITTEN WARNING	ALASKA NATIVE/AMERICAN INDIAN	0.70%	22
	ASIAN/PACIFIC ISLANDER	0.99%	31
	BLACK	9.92%	310
	HISPANIC/LATINO	51.02%	1,594
	WHITE	37.36%	1,167
	Total	100.00%	3,124
WRITTEN WARNING AND ARREST	ALASKA NATIVE/AMERICAN INDIAN	3.57%	2
	BLACK	8.93%	5
	HISPANIC/LATINO	64.29%	36
	WHITE	23.21%	13
	Total	100.00%	56
Grand Total		100.00%	5,337

12 Arrest Based On

OUTSTANDING WARRANT	BLACK	6.67%	1
	HISPANIC/LATINO	73.33%	11
	WHITE	20.00%	3
	Total	100.00%	15
	ALASKA NATIVE/AMERICAN INDIAN	1.39%	1
VIOLATION OF PENAL CODE	BLACK	6.94%	5
	HISPANIC/LATINO	68.06%	49
	WHITE	23.61%	17
	Total	100.00%	72
	ALASKA NATIVE/AMERICAN INDIAN	9.09%	1
VIOLATION OF TRAFFIC LAW	BLACK	18.18%	2
	HISPANIC/LATINO	45.45%	5
	WHITE	27.27%	3
	Total	100.00%	11
	ALASKA NATIVE/AMERICAN INDIAN	100.00%	98
Grand Total			

13 Was Physical Force Used

NO USE OF FORCE	ALASKA NATIVE/AMERICAN INDIAN	0.54%	29
	ASIAN/PACIFIC ISLANDER	0.82%	44
	BLACK	8.99%	480
	HISPANIC/LATINO	55.46%	2,960
	WHITE	34.18%	1,824
	Total	100.00%	5,337
Grand Total		100.00%	5,337

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Approve the purchase of a Weis Quick Attack fire apparatus built on a 2026 Ford-F550 Chassis Super Cab and manufactured by Weis Fire & Safety Equipment, LLC in Salina, Kansas utilizing the Houston Galveston Area Council (HGAC) Purchasing Cooperative. The total purchase price of \$264,036 includes a Texas A&M Forest Service Rural Volunteer Fire Department Assistance Program cost-share reimbursement grant in the amount of \$165,000 for a small brush truck.

ORIGINATING DEPARTMENT AND CONTACT: Fire - Randy Jenkins

ACTION REQUESTED: Approval of Bid

BACKGROUND/SUMMARY/DISCUSSION: The Rural Volunteer Fire Department Assistance Program was established in 2001 (HB 2604) to assist small volunteer/combination fire departments with the purchase of equipment and/or training.

The cost-share reimbursement grant is for 95% of the actual cost of a small brush truck, not to exceed \$165,000. Once the brush truck is delivered to Lockhart, proof of purchase is provided, and the brush truck is inspected by the Texas A&M Forest Service, the reimbursement will occur. The small brush truck must meet the minimum standards outlined by the Texas A&M Forest Service and must remain in firefighting service for a minimum of 10 years.

The Texas A&M Forest Service small brush truck grant was accepted by City Council on November 6, 2025. The specifications were developed and the manufacturer selected based on a previous brush truck purchased with American Rescue Plan Act (ARPA) funds on March 4, 2025. The grant expires on October 14, 2026, but may be extended upon request.

The total cost of the brush truck is \$264,036. The reimbursement grant amount is \$165,000. The amount the City of Lockhart is responsible for after reimbursement is \$99,036. The city's cost-share portion will be from General Fund Balance.

PROJECT SCHEDULE (if applicable): The expected completion time is 18 months (August 2027) from purchase. The brush truck grant expires on October 14, 2026. Due to the large number of brush trucks funded, the deadline may be extended by request.

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: The Texas A&M Forest Service small brush truck reimbursement grant was accepted by City Council on November 6, 2025.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: Staff recommends approving the purchase of the small brush truck utilizing the Texas A&M Forest Service Rural Volunteer Fire Department Assistance Program cost-share reimbursement grant.

LIST OF SUPPORTING DOCUMENTS: Apparatus Proposal - 1-6-26, Weis Fire Safety Contract - 1-20-26, Weis Quick Attack Specifications 12-30-25, TAMFS Truck Grant Guidelines



Weis Fire & Safety Equipment, LLC.

111 E. Pacific * P.O. Box 3467

Salina, Kansas 67402-3467

785-825-9527 * 1-888-689-9347 * 785-825-9538 Fax

www.weisfiresafety.com

"It's a Weis choice"

WEIS FIRE PROPOSAL

TO: Lockhart Fire Rescue, TX

DATE: 01/06/2026

GENTLEMEN:

WEIS FIRE AND SAFETY EQUIPMENT, LLC, HEREBY PROPOSES TO MANUFACTURE AND FURNISH YOU, SUBJECT TO YOUR ACCEPTANCE OF THIS PROPOSAL AND THE PROPER SIGNING AND EXECUTION OF THE ATTACHED CONTRACT AND ADDENDUM(S) BY THE PARTIES THERETO, THE APPARATUS AND APPURTENANCES HEREIN DESCRIBED AND FOR THE FOLLOWING PRICES LISTED BELOW. IN THE EVENT THE PURCHASER USES ITS OWN PURCHASE ORDER OR ITS OWN CONTRACT PAGES IN LIEU OF SIGNING THE ATTACHED CONTRACT, IT SHALL BE UNDERSTOOD BY ALL PARTIES THAT ALL TERMS AND CONDITIONS OF THE ATTACHED CONTRACT AND ADDENDUM(S) SHALL TAKE PRECEDENCE OVER ANY AND ALL OTHER DOCUMENTS.

One (1) 2026 Weis Fire Quick Attack 400RM on a 2026 Ford-550 gasoline chassis

PRICE: \$261,036.00 APPARATUS

\$1,000.00 H-GAC FEE

\$2,000.00 CONTINGENCY (any unused amount will be credited if not used)

\$264,036.00 TOTAL PROPOSAL PRICE

NO FEDERAL, STATE, OR LOCAL TAXES ARE INCLUDED, UNLESS SUCH TAXES ARE ITEMIZED.

DELIVERY: 18 Months

F.O.B. Salina, KS.

All apparatus and appurtenances shall be manufactured in accordance with the attached specifications, with the same specifications becoming a part of the contract. Delivery shall be made within the time specified above after receipt and acceptance by WEIS FIRE AND SAFETY EQUIPMENT, LLC, of the properly signed and executed contract and addendum(s). The delivery time indicated is based on the best delivery knowledge available at this time. Delivery shall be contingent upon delays or failure to deliver from our suppliers, delays caused by or resulting from labor problems, chassis shortages, strikes, fire, flood, accidents, any other acts of God, or any other circumstances which are beyond the control of this corporation.

TERMS OF PAYMENT:

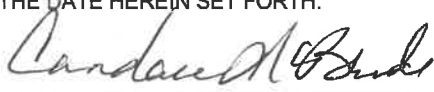
- Chassis payment due upon arrival at Weis Fire facility
- Balance due upon completion.

Note: An estimated chassis price of \$63,522.00 has been included in the proposed price. If a contract is initiated, an invoice would be presented when the 2026 chassis arrives. The price difference would be added to or subtracted from the contract price at that time.

Prices quoted herein are based on current costs, including existing tariff rates, at the time of the quote. In the event of any increase in tariffs, import duties, taxes or similar charges imposed by government authorities, either direct or indirect, after the issuance of this quote, we reserve the right to adjust the quoted prices accordingly to reflect such changes.

ALL PRICES OR QUOTATIONS ARE SUBJECT TO CHANGE OR WITHDRAWAL UNLESS ACCEPTED WITH 30 DAYS FROM THE DATE HEREIN SET FORTH.

BY:



Candace McBride
Candace McBride – Apparatus Sales Manager



Weis Fire & Safety Equipment, LLC.

111 E. Pacific * P.O. Box 3467

Salina, Kansas 67402-3467

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"It's a Weis choice"

WEIS FIRE SAFETY CONTRACT

AGREEMENT, Made this date, January 20th, 2026, between **WEIS FIRE AND SAFETY EQUIPMENT, LLC** (Hereafter known as Weis Fire and Safety) and **CITY OF LOCKHART** (Hereafter known as the **BUYER**) in accordance with the conditions written below and the specifications and addendum (s) attached, which are made part of the contract. This agreement does not become binding until it is agreed to and accepted in writing and is properly signed by an officer of Weis Fire and Safety.

TERMS OF PAYMENT-The Buyer agrees to purchase one (1) Weis Fire Quick Attack 400RM for the total sum of \$264,036.00 excluding any taxes (IF APPLICABLE) to be paid in full, as per terms below. The vehicle shall not be released to the **BUYER** until payment is made. Purchaser will be responsible for paying any applicable sales tax to federal, state or local agency, tax *not* included in this price.

Payment shall be made directly to Weis Fire and Safety. No checks or any other form of payment shall be made to any sales representatives, dealers, agents, etc... except on presentation, in writing of an express power of attorney, executed by an officer of Weis Fire and Safety, authorizing payment to any other party on behalf of Weis Fire and Safety.

IF THESE PAYMENT TERMS ARE NOT STRICTLY ADHERED TO, WEIS FIRE AND SAFETY SHALL ASSESS A DAILY INTEREST CHARGE BASED ON AN ANNUAL PERCENTAGE RATE OF 18% ON THE UNPAID BALANCE. IF MORE THAN ONE VEHICLE IS COVERED BY THIS CONTRACT AND THE VEHICLES ARE SHIPPED ON DIFFERENT DATES, THE TERMS STATED ABOVE SHALL APPLY TO EACH VEHICLE.

TERMS OF PAYMENT:

- Chassis payment is due when the chassis arrives at Weis Fire and Safety.
- Net due upon completion.

DELIVERY-Delivery shall be F.O.B. Salina Kansas, with-in 18 months**.

Force Majeure - Weis Fire and Safety shall not be held liable for damages from its failure to make or delay in making deliveries as a result of fire, flood, riots,

strikes, chassis shortages or delays caused by its suppliers, any acts of God, or any other circumstances beyond Weis Fire and Safety control. Price reflected herein is based on current costs, including existing tariff rates, at the time of the contract. In the event of any increase in tariff direct or indirect, import duties, taxes or similar charges imposed by government authorities after the issuance of this contract, we reserve the right to adjust the price accordingly to reflect such changes.

PRE-BUILD MEETING- In order to provide completion of the apparatus on the stated schedule, it is imperative that we have the Pre-Build meeting no later than 60 days from date of contact. Delays in completing the Pre-build Meeting in the above-mentioned schedule will potentially result in a delayed production start and completion date.

Weis Fire and Safety complies with all civil rights laws and regulations.

INSPECTION-The BUYER shall inspect the apparatus immediately upon delivery and shall give written notice within Ten (10) days of any defects. The vehicle shall be deemed accepted if the BUYER fails to give such notice. The BUYER expressly waives any rights the BUYER may have to revoke acceptance after the Ten (10) day period.

AMENDMENT(S)-No modifications, alterations, additions, deletions, or any other changes in the terms hereof shall be binding on either party unless reduced in writing and properly executed by a duly authorized officer of Weis Fire and Safety and a representative of the BUYER.

GOVERNING LAW-This Agreement shall be constructed and interpreted and its performance shall be governed by the laws of the state in which the manufacturer is domiciled.

CANCELLATION

In the event the proposal is accepted, and the contract has been signed and accepted by Weis Fire, is then cancelled or terminated by the BUYER before completion, Weis Fire may charge a cancellation fee. The following charge schedule based in costs incurred may be applied:

- 1.) 10% of the purchase price after order is accepted and entered by Weis Fire
- 2.) 20% of the purchase price after the Pre-build meeting
- 3.) 30% of the purchase price once materials are ordered

The cancellation fee will increase accordingly as costs are incurred as the order progresses through engineering and manufacturing.

CITY OF LOCKHART:

AGREED this _____ Day of _____ 2026

SIGNED BY _____

PRINT NAME _____

NAME, ADDRESS AND PHONE NUMBER OF FIRE DEPARTMENT:

(_____) _____

NAME AND PHONE NUMBER OF PERSON DISBURSING FUNDS:

_____ (_____) _____

WEIS FIRE AND SAFETY EQUIPMENT, LLC

ACCEPTED THIS _____ DAY OF _____ 2026

SIGNED: _____

BY: _____

TITLE: _____

*We are estimating the price of the chassis at **\$63,522.00**. We believe that this price should be very close to the real price, however we can guarantee that price. When we get the invoice at time of completion of the chassis, we will provide you with a copy of that invoice for verification. The difference will be deducted or added to the final invoice.



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WEIS FIRE QUICK ATTACK 400RM
LOCKHART FIRE RESCUE, TX
REVISED 12-30-25

CHASSIS

2026 Ford F-550
Super Cab
168" Wheelbase
60" Cab-to-axle
4 x 4
Race Red
40/20/40 front seats
Grey Vinyl
Preferred Equipment Package
XL trim
Air Conditioner
AM/FM stereo with Clock
7.3L V-8 gas engine
10 speed Automatic Trans
Power Equipment Group
Telescoping Mirrors
19,500# GVW
Cruise Control
40 gallon Aft Fuel Tank
Payload Upgrade Package
Heavy Duty Front Suspension
4.88 Limited Slip
Dual Batteries
410 amp Alternator
Trailer Brake Controller

CAB STEP BARS

There shall be custom step bars to provide ease of access to the cab. Step bars will be attached to the frame rails only. Steps that are attached to bottom of cab are NOT ACCEPTABLE.

SKID PLATES

Custom heavy duty steel Skid plates shall be provided for the transfer case, radiator, and transmission. The skid plates shall have a black powder coat finish.

IN CAB REAR SEAT BENCH CONVERSION

There shall be an in cab rear seat bench conversion to provide additional storage for SCBA Tanks, gear bags or equipment. It shall be constructed of diamond plate and smooth aluminum, black powder coated. It shall be removable for ease of access to the electrical junction box.

There shall be two (2) SCBA holders, location to be determined.

There shall be a mounting platform in the middle of the rear seat bench conversion with power for the following customer supplied; TIC charger, two-way radio chargers, and survivor flashlights.

TANK

The tank shall have a capacity of 400 gallons manufactured UPF.

The tank shall include the following features:

Fill tower with removable screen

Sump with anti-swirl plate and drain fitting

3.0" vent and overflow pipe

1.5" refill fitting

3.0" tank suction

External Liquid level sight tube

Integrated 15 Gallon Foam cell

The outside of the tank shall be black.

There shall be an FRC Tank Vision water level sight gauge located on the rear pump panel and one (1) mini FRC water level sight gauge inside the cab on the custom aluminum console.

There shall be an FRC foam level sight gauge located on the rear pump panel and one (1) mini FRC foam level sight gauge inside the cab on the custom aluminum console.

REAR MOUNT PUMP CONTROLS

All pump controls shall be provided at the rear of the apparatus. The rear mount pump panel will have all pumping functions.

The tank to pump line shall be operated at the rear of the apparatus.

The pump panel shall be constructed of .125" smooth aluminum with a black textured powder coat finish.

The pump panel shall be provided with an LED panel light.

Each discharge shall be properly function labeled.

PUMP

The pump shall be powered by an HPX200-H20 with a 20-HP Honda 4-cycle, V-Twin gasoline engine with the following features:

- 4" Victaulic Inlet
- 2.5" NPT outlet
- Electric start
- Pump panel
- 2.5" master gauge
- Oil Pressure Warning Light
- 12V Electric Primer

Pump Performance

- 40 GPM @ 150 PSI
- 150 GPM @ 115 PSI
- 250 GPM @ 30 PSI

The pump shall be located at the rear of the apparatus.

The fuel supply for the fire pump shall be directly plumbed into the chassis' fuel system.

An auxiliary fuel pump and one way fuel check valve shall be provided in the fuel supply plumbing between the chassis' fuel cell and fire pump.

PLUMBING

All plumbing shall be heavy duty **welded stainless steel plumbing**. When necessary, high pressure hose shall be used with stainless steel fittings. **The stainless steel plumbing shall have a 10 year warranty.**

A 4.0" square manifold shall be utilized. All discharges shall be plumbed from this manifold.

The entire discharge plumbing system shall be hydrostatically tested to 300psi for two minutes prior to installation. This is to ensure that the entire plumbing system will not leak and to ensure the safety of all fire department personnel.

The manifold shall have one (1) 2.5" fitting for the 2.5" plumbing from the pump.

The manifold shall have one (1) 2.5" fitting for the 2.5" rear discharge.

The manifold shall have one (1) 1.5" fitting for the plumbing supply to the front of the body whip lines.

The manifold shall have one (1) 1.5" fitting for the plumbing supply to the front bumper discharge. This discharge is to include a valve and 1.5" x 1" reducer.

The manifold shall have three (3) 1.0" fittings, one (1) for the booster reel and one (1) for each ground sweep actuator.

The discharge plumbing from the pump to the manifold will be plumbed with 2.5" pipe.

There will be a 2.5" discharge provided at the rear of the apparatus. The discharge shall include a 2.5" x 1.5" adapter, provided with a chrome cap and chain. Rear discharge to include a 45° droop.

All discharge valves shall be heavy duty, full flow, fire service quality quarter turn ball valves.

The tank to pump line shall be plumbed with 2.5" plumbing. A wire reinforced flexible connection shall be used to provide ease of service and to reduce vibration.

The tank to pump valve shall be a manually operated 2.5" heavy duty, full flow, fire service quality quarter turn ball valve.

There shall be a 2.5" gated suction with a 2.5" plug and chain. It shall include one (1) 2.5" Akron Valve. Suction to include a 45° droop.

NOTE: Only full flow quarter turn ball valve shall be used for suction and discharge lines.

The 1.0" tank fill and recirculating line shall utilize a 1.0" Class 1 ball valve.

REAR BOOSTER REEL

A Hannay heavy duty low profile electric rewind booster reel will be provided with 100' x 1.0" of yellow Mercedes Boostlite® hose. The booster reel shall be painted black and located above the pump on a custom built platform.

A TFT 1.0" QuadraFog 5-10-24-40-60 GPM adjustable gallonage nozzle with pistol grip.

The nozzle clip for the booster reel will be mounted on the back of the passenger side upper body compartment, within reach while standing on the ground.

The booster reel shall be plumbed with high pressure hose with stainless steel fittings.

The booster reel will be provided with one (1) rewind switch located in the fire body extrusion to the left of the rear warning light.

The booster reel shall be provided with a single chrome hose roller and spool assembly.

A 40 amp circuit breaker will be provided for the booster reel.

FOAM SYSTEM

A Scotty Class A around-the-pump foam system shall be installed. It shall be controlled from the rear mount panel.

The ATP system shall have the following performance ranges at 100 PSI (6.9Bar):

- 0% to 3.75% at flow rates from 15 to 125 GPM.

WHIPLINE

There shall be two (2) 1.0" whipline discharges provided, one (1) at each front corner of the fire body with a 1.0" forestry whipline hose. Each whipline shall include a TFT 1.0" QuadraFog 5-10-24-40-60 GPM adjustable gallonage nozzle with pistol grip and Pac 1002 nozzle clip.

Whip line length to allow driver and passenger to use while in seated positions in cab.

The 1.5" plumbing supply line to the front whiplines shall include a tee at the front of the fire body to supply to each whipline.

FRONT GROUND SWEEP NOZZLES

There shall be two (2) ground sweep nozzles provided on the apparatus, both ground sweeps are to be located centered on the face of the bumper wing, not the sides. The nozzles shall supply approximately 10 GPM at 100 PSI. Each ground sweep nozzle shall be independently controlled by electric valves from switches located inside the cab on the custom console.

There shall be protective guards installed over the ground sweep nozzles. They shall be steel with a heavy duty black powder coat finish.

FRONT BUMPER

There shall be a custom designed heavy duty full replacement front end bumper provided on the apparatus.

The bumper shall have an integral 2.0" receiver tube.

The bumper shall have an integral siren mount with protective expanded steel cover.

The bumper shall have two (2) integral speaker mounts, one (1) each side in the bumper wing with "FD" laser cut logos over the speakers for protection.

The bumper shall have a 1.5" gated suction located in a custom built hose tray for use with a whip line. The pre-connected hose tray shall hold up to 25' x 1.5" fire hose. The custom hose tray shall have a black mesh cover with turn style buckles.

The bumper shall have provisions for mounting two (2) air horns.

There shall be two (2) heavy duty tow eyes.

The bumper shall have a black textured Powder Coat finish.

QUICK MOUNT WINCH

There shall be a Rough Country PRO 12000 portable winch provided with 2" receiver tubes and electrical quick connects located at the front and rear of the apparatus.

QUICK ATTACK BODY

The fire body shall be constructed entirely of heavy duty **extruded aluminum and will have a TEN (10) year structural warranty.**

The perimeter of the body shall be constructed of a heavy duty 6061T5 aluminum extrusion. The deck plate shall be stitch welded on the bottom side of the extrusion.

The cross members shall be 2.0" x 4.0" 6061T6 extruded aluminum tube on 12" centers for rigidity and longevity. There shall be no less than eight (8) aluminum 2.0" x 4.0" extruded aluminum cross members.

The sills shall be 6.0" steel channel.

The body sills shall be mounted to the frame utilizing a 6-point mounting system.

There shall be .125" aluminum diamond plate covering the entire upper surface of the body.

The fire body shall be 108" long, 96" wide.

There shall be a headache rack at the front of the body that will also serve as a light bar mounting platform. The headache rack shall be constructed with 2.0" x 2.0" extruded aluminum tubing and will have diamond plate covering the bottom half on front and back side and expanded aluminum on the top half.

The light bar platform shall be constructed of 1/4" aluminum plate shall be properly gusseted. The light bar platform shall be 14" x 75".

A 108" deep x 30" wide x 5" high tool compartment at rear of the apparatus with a horizontally hinged, drop down door shall be provided. This compartment shall provide for underbody storage of department supplied shovels, brooms, rakes, etc.

There shall be a lightweight pullout tray in this compartment for ease of access to the department supplied tools. The tray shall have a heavy duty black protective coating to prevent tools from sliding. It shall have two (2) stainless steel barrel latches mounted to secure the tray in place during transport.

There shall be one (1) transverse storage compartment with lift up doors, located on top of the flatbed, behind the cab, and in front of the upper body side compartments. The compartment shall be 24" W x 30" H x 96" L with two (2) slide trays, one (1) to pull out each side on the bottom of the compartment.

There shall be a shelf in the transverse upper area for storage of a backboard. The shelf shall have nylon straps and quick release buckles to secure the backboard in place during transit.

There shall be one (1) sweep-out style compartment with two (2) lift up doors, located on the driver side of the fire body. Dimensions for the driver's side compartment shall be 83" W x 30" H x 24" D. The compartment shall include an aluminum divider. There shall be an adjustable shelf in L-3.

There shall be PAC board mounted on the back wall of L-2.

There shall be one (1) dunnage tray mounted on top of the Transverse and Driver side upper body compartments. The dunnage tray shall be 107" W x 10" H x 20" D. It shall be constructed of .125 aluminum diamond plate with a textured black powder coat finish. The dunnage shall be open with no cover.

There shall be one (1) sweep-out style compartment with two (2) lift up doors, located on the passenger side of the fire body. Dimensions for the passenger's side compartment shall be 83" W x 30" H x 24" D. The compartment shall include an aluminum divider, with an adjustable shelf in the R-2. Fire and water extinguishers are to be mounted in R-3.

There shall be one (1) dead lay hose box mounted on top of the Transverse and Passenger side upper body compartments. The dead lay hose box shall be 107" W x 10" H x 20" D constructed of .125 aluminum diamond plate, hinged lid with a textured black powder coat finish. The rear facing end will be open and include a mesh cover with quick release buckles.

The dead lay hose box shall have one (1) latch at the front (curb side) of the fire body for access.

The upper doors shall have D style slam latches. The doors shall be pan lined for strength and durability. The doors shall be .125 smooth aluminum. The exterior of the doors shall be painted to match the chassis.

The body of the compartments shall be constructed of .125" aluminum diamond plate.

There shall be two (2) underbody toolboxes located one (1) on the left and one (1) on the right side of the apparatus, 16"H x 20"D x 30"W with drop down doors and cable stops. The underbody doors shall be .125 aluminum diamond plate.

There shall be one (1) pull-out, drop down style step located under each underbody box for ease of access to the upper coffin boxes.

All compartments and shelves shall be lined with Turtle Tiles.

The transverse compartment shall have two (2) full length LED strip lights overhead. All compartments shall have two (2) LED compartment lights, one (1) located at each side of the door opening. All compartment lighting shall automatically come on when the compartment door is opened.

The upper body compartments and lower under body toolbox doors shall be wired to an open door warning light and alarm that shall be in the cab. The open door warning light shall be activated anytime a compartment door is open. The open door warning light AND alarm shall be activated anytime a compartment door is opened and the chassis' transmission is shifted out of park.

There shall be an underbody fender panel that runs from the under body compartments to the rear of the fire body on each side. The panels shall be constructed of polished .125 aluminum diamond tread plate. The wheel well openings will be cut out to conform to the wheels. The panel behind the rear wheels shall be angled to allow for clearance.

There shall be an 8' x 6.0" deep rear step integrated into the receiver hitch. It shall be covered in NFPA diamond plate and 45'd at the corners.

A receiver hitch and two (2) tow shackles shall be provided as an integral part of the bumper. The bumper shall be black powder coated.

There shall be a 7-pin trailer plug.

There shall be two (2) flexible rubber strap steps located on each side of the rear of the fire body.

All stop, turn, back up, corner, and DOT lights shall be provided. All lighting shall be LED.

A flush mounted fuel fill hole will be provided for one fuel tank. The fuel fill shall be located on the body next to the pump in a vertical manner to facilitate easy filling of the fuel tank. It shall NOT be located on the side of the body. A "GASOLINE" label shall be provided next to the fuel filler cap.

Mud flaps shall be installed behind the rear wheels. The mud flaps shall say "KEEP BACK 500 FEET".

SPARE SCBA BOTTLE STORAGE

There shall be two (2) wheel well style SCBA air bottle storage compartments located one (1) on the driver side of the rescue body in front of the rear wheel and one (1) on the passenger side of the rescue body in front of the rear wheel.

A rubber insert shall be provided for the bottle tubes.

BODY CORROSION PROTECTION

The entire aluminum equipment body and all body equipment, compartment bodies shall have a textured black powder coated finish. This includes the underside of the body and the interior of the compartments.

Compartment doors shall be painted to match the chassis.

APPARATUS CHARGING SYSTEM

There shall be a Kussmaul Auto Charge 1000 with Super Auto Eject plug and digital battery status indicator provided on the apparatus. The digital battery status indicator and Auto Eject plug shall be located at the front driver's side in the fire body extrusion.

AIR HORNS

One Air Horn system package will be installed. The system shall include two (2) air horns, waterproof slimline 3-Gallon air compressor and pressure switch. There shall be a rocker switch located on the custom aluminum console to activate the air horns.

COMMUNICATIONS

Weis Fire to install a department supplied two-person wireless Setcom Liberator Max wireless communication system.

ELECTRICAL

The entire wiring system shall be entirely composed of high grade commercial quality wiring harnesses that shall be color coded, and function coded throughout. An electrical sub panel shall be located behind the passenger seat. The apparatus' wiring harnesses shall be connected to the electrical sub panel utilizing Deutsch connectors.

A wiring diagram shall be provided with the apparatus.

A 90 amp resettable circuit breaker for the fire body shall be mounted under the bed at the right rear corner.

A 150 amp resettable circuit breaker for the electric primer shall be mounted under the bed at the right rear corner.

The electrical system shall have a five (5) year warranty.

EMERGENCY LIGHTING SYSTEM

An emergency lighting system consisting of the following shall be provided.

A Whelen Liberty Light Bar, 55", LED (red/blue) with 4-take down lights and alley lights shall be mounted on the headache rack located at the front of the fire body.

Six (6) Whelen M-4 series (red / blue split) flashing lights shall be provided with black bezels. The LED lights shall be located:

- One (1) on each front fender
- One (1) each side of the fire body
- Two (2) two (2) at the rear.

Six (6) Whelen M6 warning lights located:

- Two (2) Red/Blue split on the grille of the front bumper
- One (1) Red each upper rear facing side of the upper body compartments, outboard position
- One (1) Blue drivers side, inboard position
- One (1) Green passenger side, inboard position

The emergency lights shall be independently switched with a master switch ability.

A Whelen 295SLSA6 full function 100 watt siren shall be provided.

Two (2) Whelen SA315P 100 watt speaker shall be mounted at the front bumper. One (1) mounted below each M6 warning light

A Whelen WBUA107 back up alarm shall be provided.

There shall be a Whelen TAM83 Traffic Advisor, Amber, mounted under bar at the rear.

A custom aluminum console with a textured black powder coat finish shall be provided to house the siren/switch controls, GoLight controller, mini water level indicator, mini foam level indicator, dual cup holders and one (1) customer supplied radio.

All emergency lights shall be controlled from the siren / switch module.

AUXILIARY LIGHTING

There shall be one (1) 20" Hi-Viz LED mini brow light on the front replacement bumper mounted under the top rail.

There shall be one (1) 20" Hi-Viz LED mini brow light under the booster reel platform. Mounted flush with the edge of the platform. It shall have an On/Off switch on the rear mount pump panel.

There shall be two (2) 31" Hi-Viz LED mini brow combo lights, Scene/Flood/Spotlights, one (1) each side above the side compartments, recessed flush into the side of the dunnage tray / coffin box.

There shall be Whelen Tracer Trio 5-Light head LED Running Board lights, one (1) each side of the chassis that shall alternate red/white/blue and shall include a flood mode.

The front bumper and upper body scene lights shall be independently controlled from switches located on the custom aluminum console inside the cab.

There will be two (2) LED work lights provided to illuminate the pump area, mounted at the rear of the fire body for nighttime operation and will be switched at the switch module in the cab.

UNDERBODY AND WORK LIGHTS

There shall be eight (8) underbody ground lights provided, located one (1) LED light under each corner of the fire body and one (1) LED light under each cab door.

These lights shall be automatically activated when the chassis' transmission is shifted into park and shall automatically de-activate when the chassis' transmission is shifted out of park.

There will be two (2) GoLight GT LED (black) provided, mounted one (1) on each side of the headache rack. There shall be one (1) controller to operate both GoLights mounted in the cab.

LETTERING AND STRIPING

Up to 60 3.0" Reflective Sign Gold letters will be provided on the apparatus.

The apparatus shall be provided with a 1" x 3" x 1" **Black** Scotchlite reflective stripe on the chassis and body as per NFPA requirements. The black reflective stripe shall run horizontal at the base of the chassis, transition to a "Z" and run straight above the compartment door handles

There shall also be a 3.0" Red Scotchlite stripe installed within the perimeter fire body extrusion.

Squad number to be mounted on L-2 and R-2 compartment door. Number to be determined.

There shall be red / yellow Chevron striping provided at the rear of the upper compartments and tail board of the fire body.

ADDITIONAL EQUIPMENT

- 20# ABC Fire Extinguisher with mount bracket, mounted in R-3.
- 2.5# Gallon Water Extinguisher with mount bracket, mounted in R-3.

Truck Guidelines

Rural Volunteer Fire Department Assistance Program

All fire departments receiving cost-share funding for the purchase of a vehicle must comply with the following special requirements:

1. All department personnel must be trained in the proper operation and maintenance of trucks, pumps, systems, and related equipment. Personnel training must be documented.
2. All vehicles acquired under this program must be maintained in firefighting service for a period of 10 years from the reimbursement check date. If a cost-shared vehicle is sold before the end of its 10-year service life under this program, the grant recipient may be required to reimburse the program for 90% of the proceeds from the sale of the vehicle. The grant recipient must notify TFS in advance and must obtain clearance to sell or transfer a grant vehicle before the end of its 10-year service life. The Funding Committee may waive on a case-by-case basis the requirement that 90% of the sale proceeds be returned to the program. Recipients receiving transferred vehicles prior to the end of their 10 year service life shall be subject to the terms and conditions as described in this section.
3. All vehicles must meet the minimum standards as described in the attachment "Minimum Standards and Specifications for Firefighting Vehicles."
4. An Affidavit of Non-Collusion (page 2) must be completed, signed, and notarized by the seller of the vehicle. The Fire Department must submit the completed affidavit to the Texas A&M Forest Service before a grant reimbursement may be paid.
5. The purchase of pre-owned vehicles and equipment requires advance evaluation and approval by the Texas A&M Forest Service. An applicant must contact the Capacity Building Department before purchasing a used vehicle or used equipment. Failure to receive this special advance clearance may void your grant approval.
6. Vehicles purchased, paid in full, prior to the award date are ineligible for reimbursement under this program.

Responsibilities of the Fire Department Following Notice of Grant Approval:

1. Accept the award via [FireConnect](#).
2. Purchase the approved item(s). *Remember to obtain special approval for a pre-owned vehicle.*
3. Submit for Reimbursement via [FireConnect](#), and upload the following supporting documents:
 - Affidavit of Non-Collusion
 - Proof of Payment
 - Copies of Signed Check(s)
 - Credit Card Receipt(s)
 - Paid Vendor Invoice(s) showing the last 4 digits of credit card used
 - Bank/Credit Card Statement(s) Showing the Purchase
4. A member of our Field Staff must perform an inspection of the vehicle at the fire station before a grant reimbursement can be issued.
5. Grants for firefighting vehicles will expire **12 months** from the approval date. Extensions may be available upon request via [FireConnect](#).

STATE OF
COUNTY OF

GENERAL AFFIDAVIT BEFORE NOTARY

AFFIDAVIT OF NON-COLLUSION

SELLER

Name:
Address:

Phone:

PURCHASER

Name:
Address:

Phone:

VEHICLE INFORMATION

Year: Make: Model:
VIN:
Date of Sale: Total Sale Price: \$

I, , the undersigned, being the duly authorized agent of the Seller, , swear that the foregoing information is true and correct to the best of my knowledge, information, and belief, and that this document correctly states the total amount of consideration for the transfer of this vehicle. I further affirm that neither I nor the above business has been a party to any collusion with the Purchaser as to the Total Sale Price of the vehicle. I further affirm that the Total Sale Price is genuine, and is not a sham or collusive price made in the interest or on behalf of any person, and that the Seller has not directly or indirectly been induced or solicited to submit a sham Total Sale Price.

By: _____ Date: _____
(Signature)

Title

STATE OF
COUNTY OF

Subscribed and sworn to before me this day of , 20 .

Signature of Notary Public

My Commission Expires

Minimum Standards and Specs for Firefighting Vehicles

All vehicles funded under this program must be fire suppression vehicles and must meet the following minimum standards. These standards are developed to establish broad equipment categories for funding and review. They are not intended as “bid ready” equipment specifications. Departments are strongly encouraged to add capabilities and features required to meet local needs.

WEIGHT AND BALANCE

The fully loaded and equipped operating weight of the vehicle must not exceed the Gross Vehicle Weight Rating (GVWR) of the vehicle as determined by the manufacturer, nor the Gross Axle Weight Rating (GAWR) of the vehicle as determined by the manufacturer. The vehicle weight must be balanced so that the vehicle is easy to control. The vehicle center-of-gravity must be low enough to safely operate in curves and on side slopes. The vehicle must have effective brakes that can stop the vehicle without brake fade.

TANKS

- All vehicles must have a water tank with a minimum capacity of 200 gallons.
- All water tanks must be baffled.
- All water tanks constructed of mild steel must be protected from corrosion.

Small Brush Truck

Design Minimums

200 Gallon Water Tank
100 GPM Pump @ 100 psi
Ability to draft water at a minimum
of 12 vertical feet
2.5" pump discharge
Minimum ¾ ton chassis

Ultra High Pressure Option

200 Gallon Water Tank
6 GPM Pump @ 1100 psi
Minimum $\frac{3}{4}$ ton chassis

Large Brush Truck (2.5/5 Ton Military)

Design Minimums

500 Gallon Water Tank
250 GPM Pump @ 40 psi
Ability to draft water a minimum of 12
vertical feet
2.5" pump discharge
Minimum 22,000 pound GVWR chassis

Ultra High Pressure Option

500 Gallon Water Tank
6 GPM Pump @ 1100 psi
Minimum 22,000 pound GVWR
chassis

Water Tender

Design Minimums

1,000 Gallon Water Tank
250 GPM Pump @ 40 psi
Minimum Dump Valve of 4.5 inch
(round or square)*
Ability to draft water a minimum of
12 vertical feet
2.5" pump discharge
Minimum 22,000 pound GVWR
chassis

*In place of a gravity dump valve, a dedicated, hard-piped 3" or larger discharge may be used, supplied by a pump rated at a minimum of 750 GPM @ 40 psi.

OTHER INFORMATION

- All slippery surfaces where personnel will step must have skid plates or abrasive surfaces to prevent personnel from slipping under wet conditions.
- Vehicle must have back-up alarm.
- Vehicle must have illuminated pump controls.
- Vehicle must have vehicle lighting and markings as required by law.
- Pumper conversions are allowed, provided they still meet the design minimums.



Notice to Purchasers of New Fire Trucks

These guidelines apply for those purchasing a truck in Texas.

The sale and lease of new motor vehicles in Texas is regulated by the Texas Occupations Code, Title 14, Regulation of Motor Vehicles and Transportation, Chapter 2301, Sale or Lease of Motor Vehicles. The law is administered and enforced by the Texas Department of Transportation (TXDOT).

The law requires that vehicle manufacturers, converters, representatives, and franchised dealers be properly licensed and that they comply with certain standards of conduct.

According to TXDOT interpretations, a franchised dealer, and only a franchised dealer, is legally allowed to sell a new fire truck in Texas. This applies whether the truck offered for sale is a manufactured vehicle or a converted vehicle.

Manufactured Vehicles

A fire truck that meets or exceeds the legal definition of a “fire-fighting vehicle” is considered a manufactured product and the entity that builds it is considered a “manufacturer”.

Manufacturers cannot sell motor vehicles directly to consumers in Texas, including municipalities, and must have at least one franchised dealer located in the state in order to maintain their license.

Converted Vehicles

A fire truck that does not meet the legal definition of a “fire-fighting vehicle” is considered a converted product (conversion). It is a new motor vehicle chassis that has something substantial done to it prior to being sold to an end-user. The entity that builds it is considered a “converter”.

Neither converters nor their representatives are allowed to sell converted vehicles directly to consumers. A new fire truck that is considered a conversion may only be sold to an end-user, including a municipality, by a Texas dealer franchised and licensed to sell the make of the chassis of the converted product.

A licensed, franchised dealer must be listed as the seller or bidder of a new vehicle. This dealer must invoice the end-user for the entire purchase price of the vehicle including the conversion package, must obtain payment for the entire purchase price, and must perform the title work on the completed vehicle.

What Should A Fire Department Do?

1. Comply with the law:
 - Determine that the manufacturer or converter of a fire truck is properly licensed to do business in Texas.
 - Determine that the fire truck is to be sold to the end-user by a licensed franchised dealer.
2. Contact Texas Department of Motor Vehicles for information:
Telephone: 1-888-368-4689
Website: <https://www.txdmv.gov/dealers>

Texas A&M Forest Service is providing this notice for educational purposes only, in an effort to promote compliance with the law. The final authority for communication, interpretation, and enforcement resides with the Texas Department of Motor Vehicles. Buyers and sellers of new fire trucks are encouraged to contact TXDOT directly for clarification and guidance.

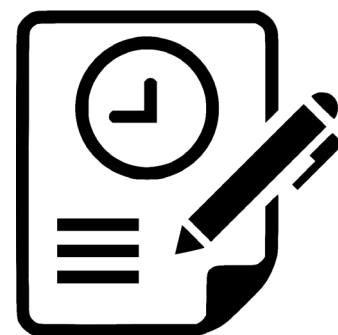


BEST PRACTICES FOR WORKING WITH FIRE TRUCK CONVERTERS



Research and get feedback from other fire departments that have done business with the vendor(s) you are considering

Have a detailed, written contract with a completion date



Be cautious of paying up front for incomplete work

Make sure the work you're requesting is within the vendor's area of expertise



City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Approve the purchase of a new service vehicle for Public Works using allocated American Rescue Plan Act funds.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Approval of Bid

BACKGROUND/SUMMARY/DISCUSSION:

On April 5th, 2022, Council approved Resolution 2022-20 authorizing the approval of the City of Lockhart's spending plan for the American Rescue Plan Act of 2021 Relief Funds associated with the implementation of the American Rescue Plan Act (ARPA) — Coronavirus Local and State Fiscal Recovery Funds (SLFRF) allocation. The City received \$3,508,879 of ARPA funds. Under the SLFRF program, recipients were obligated to allocate all award funds by December 31, 2024, and expend all funds by December 31, 2026. On December 2, 2024, Council approved Resolution 2024-36 allocating remaining ARPA funds that included projects that can be completed within the timeframe and purchases of fleet/equipment that are in need of upgrading/replacing.

With the allocated funds Public Works will be purchasing a new 3/4 ton service truck with utility bed and ladder rack. The equipment will replace a year 2001 model truck. The truck is being purchased through TIPS, a purchasing cooperative, and priced at \$64,065.00. The purchase price of the service truck is \$1,834 more than the ARPA allocated funds of \$62,231. Remaining funds will be paid from the General Fund Budget in FY 25-26. Deadline for the truck delivery is December 31, 2026.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): ARPA Funds= \$62,231.00

Genral Fund= \$1,834.00

PREVIOUS COUNCIL ACTION: December 2, 2024- Resolution 2024-36 Allocating ARPA funds

COMMITTEE/BOARD/COMMISSION ACTION:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends purchase of the new service truck from Silsbee Ford.

LIST OF SUPPORTING DOCUMENTS: Ford F250 REG CAB XL 2WD 2026 Quote, Resolution 2024-36, ARPA - MOU - Public Works - Fully Executed



PRODUCT PRICING SUMMARY

TIPS 240901 Transportation Vehicles

VENDOR- Silsbee Ford, 1211 Hwy 96 N., Silsbee TX 77656

End User: CITY OF LOCKHART

Prepared by: SETH GAMBLIN

Contact: _____

Phone: 512.436.1313

Email: _____

Email: SGAMBLIN.SILSBEEFLEET@GMAIL.COM

Product Description: FORD F250 REG CAB

Date: January 20, 2026

A. Bid Item: _____

A. Base Price: \$ 45,175.00

B. Factory Options

Code	Description	Bid Price	Code	Description	Bid Price
F2A	2026 F250 2WD SD REG CAB	\$ -	610A	ORDER CODE	
99A	Engine: 6.8L 2V DEVCT NA PFI V8 Gas	\$ 1,995.00		142WB 8FT BOX 56CA	
44F	10 SPEED TRANS	\$ -			
TBM	Tires: LT245/75Rx17E BSW A/T	\$ 165.00			
18B	RUNNING BOARDS	\$ 445.00			
52B	TRAILER BRAKE CONTROLLER	\$ 300.00			
X3H	Electronic-Locking w/3.31 Axle Ratio	\$ 430.00		TOW PACKAGE	INC
66S	UPFITTER SWITCHES	\$ 165.00			

Total of B. Published Options: \$ 3,500.00

Published Option Discount (5%): \$ (175.00)

C. Unpublished Options

\$= 30.0 %

Description	Bid Price	Options	Bid Price
		EXTERIOR COLOR-WHITE	\$ -
TRUX 3048 SERVICE BODY	\$ 14,615.00	INTERIOR- AS Dark Slate w/HD Vinyl 40/20/40 Split B	
		600A-ORDER CODE XL	
		ORDER BANK OPEN	

Total of C. Unpublished Options: \$ 14,615.00

D. Floor Plan Interest (for in-stock and/or equipped vehicles):

\$ 450.00

E. Lot Insurance (for in-stock and/or equipped vehicles):

\$ -

F. Contract Price Adjustment: _____

G. Additional Delivery Charge: 250

\$ 500.00

H. Subtotal:

\$ 64,065.00

I. Quantity Ordered 1 **x H =**

\$ 64,065.00

J. Trade in: _____

\$ -

K.

L. Total Purchase Price

\$ 64,065.00

RESOLUTION NO. 2024-36

A RESOLUTION OF THE CITY OF LOCKHART, TEXAS AUTHORIZING THE CITY MANAGER TO ENTER INTO AGREEMENTS WITH THE CITY OF LOCKHART ANIMAL SERVICES, LIBRARY, FIRE, PARKS & RECREATION, POLICE, AND PUBLIC WORKS DEPARTMENTS, TO UTILIZE THE REMAINDER OF THE CITY OF LOCKHART'S AMERICAN RESCUE PLAN FUNDS; PROVIDING FOR FINDINGS OF FACT; PROVIDING FOR SAVINGS, SEVERABILITY, AND REPEALER CLAUSES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, on March 11, 2021, President Joe Biden signed into law the American Rescue Plan Act (hereinafter "ARPA") to address the impact of COVID-19 and initiate a funding program related to the economy, public health, state and local governments, individuals, and businesses; and

WHEREAS, on May 10, 2021, the U.S. Treasury issued the Interim Final Rule and on January 6, 2022, and issued the Final Rule to implement ARPA, as set forth in Title 31, Part 35 of the Code of Federal Regulations ("CFR"); and

WHEREAS, under ARPA Section 603 (c)(1)(A) and (C) and the Final Rule 31 CFR 35.6(b)(3)(ii)(A)(11), recipients may use Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") to provide assistance to individuals and disproportionately impacted populations via capital improvements, investments in the community to promote improved health outcomes and public safety, services to address educational disparities, and procurement of equipment related to the provision of these services; and

WHEREAS, the City of Lockhart ("City") has been awarded funds by the U.S. Department of the Treasury ("Treasury") which were distributed to the City from ARPA for covered costs and eligible expenses to be incurred during the period which began on March 3, 2021 (the date ARPA became law) until December 31, 2024 (to be expended by December 31, 2026); and

WHEREAS, the City seeks to allocate ARPA funding to the City of Lockhart Animal Services, Library, Fire, Parks & Recreation, Police, and Public Works Departments ("Other Parties") for the purpose of supporting government services as detailed in **Exhibit A** ("Projects"); and

WHEREAS, the City and Other Parties desire to enter into individual Agreements ("Agreement") setting forth their respective responsibilities under the Projects; and

WHEREAS, the Other Parties accept the obligation to provide the respective Scope of Work described in Exhibit A and included in Agreements to be executed with the City, a template of which is attached as Exhibit B - "Memorandum of Understanding", and to comply with ARPA monitoring, documentation, and reporting requirements,

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

Section 1. The findings set forth in the recitals of this Resolution are found to be true and correct.

Section 2. The City Council authorizes the City Manager to execute Agreements with the Other Parties for the services detailed in Exhibit A.

Section 3. Repealer. To the extent reasonably possible, resolutions are to be read together in harmony. However, all provisions of resolutions in conflict with the provisions of this Resolution are hereby repealed to the extent of the conflict, and the provisions of the resolution shall be and remain controlling as to the matters regulated.

Section 4. Severability. It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Resolution are severable, and if any phrase, clause, sentence, or section of this Resolution shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence, paragraph or section of this Resolution.

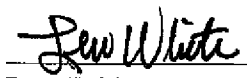
Section 5. Savings Clause. That nothing in this ordinance shall be constructed to affect any suit or proceeding pending in any court, or any rights acquired, or liability incurred, or any cause or causes of action acquired or existing, under any act or prior ordinance; nor shall any legal right or remedy of any character be lost, impaired, or affected by this ordinance.

Section 6. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public as required by law and that a public notice of the time, place, and purpose of said meeting was given as required by law.

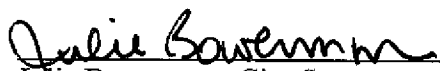
Section 7. Effective Date. This Resolution shall take effect upon the date of final passage noted below, or when all applicable publication requirements, if any, are satisfied in accordance with the City's Charter, its Code of Ordinances, and the laws of the State of Texas.

DULY RESOLVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS ON DECEMBER 3, 2024.

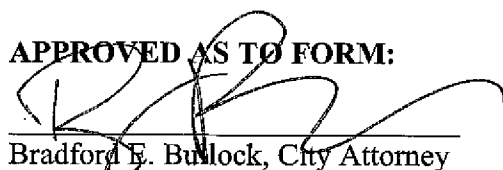
CITY OF LOCKHART, TEXAS


Lew White, Mayor

ATTEST:


Julie Bowermon, City Secretary

APPROVED AS TO FORM:


Bradford E. Bullock, City Attorney

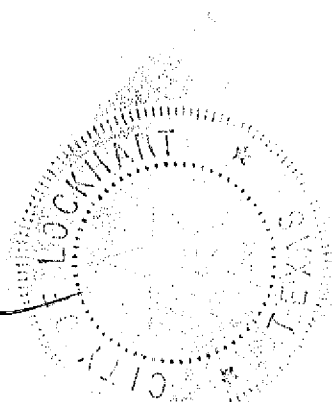


EXHIBIT A

OBLIGATION OF REMAINING ARPA FUNDS

Remaining ARPA Balance: \$1,467,231

Animal Services Department

ARPA Funding Amount: \$650,000

Scope of Work:

- The Animal Shelter shall undertake rehabilitation and improvement projects including:
 - o Existing facility renovations and repairs.
 - o Construction and installation of new animal care facilities.
 - o Infrastructure upgrades.
 - o Safety and sanitation improvements.
 - o Equipment modernization.
 - o All improvements must comply with local building codes and accessibility requirements.

Project Deliverables:

- Detailed project plans and specifications.
- Monthly progress reports.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Animal Services department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Library Department

ARPA Funding Amount: \$200,000

Scope of Work:

- The Library shall undertake rehabilitation and improvement projects at the Dr. Eugene Clark Library and the Clark Library Annex including:
 - o Interior painting of public spaces and staff areas.
 - o Exterior painting of Library facilities.
 - o Surface preparation and repairs as needed.
 - o Interior rehabilitation and improvements to floors, walls, restrooms, public spaces, elevator, and mechanical systems.
 - o Exterior rehabilitation and improvements to lighting, building accessibility, and security.
 - o All improvements must comply with local building codes and accessibility requirements.

Project Deliverables:

- Detailed project plans and specifications.
- Monthly progress reports.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Library department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Fire Department

ARPA Funding Amount: \$275,000

Scope of Work:

- The Fire Department will procure a brush truck and associated equipment, or similar specialized fire apparatus designed for fighting wildfires and grassfires, particularly in rugged, off-road terrain. These trucks are smaller and more agile than standard fire engines, allowing them to operate in areas that are difficult to reach with larger vehicles.

Project Deliverables:

- Brush Truck and associated equipment.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Fire department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Parks & Recreation Department
--

ARPA Funding Amount: \$50,000

Scope of Work:

- The Parks & Recreation Department will procure a new service vehicle and associated equipment (trailer, utility bed, etc.)

-

Project Deliverables:

- Service vehicle and associated equipment.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Parks & Recreation department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Police Department

ARPA Funding Amount: \$230,000

Scope of Work:

- The Police Department will procure four (4) patrol vehicles and associated equipment (lights, sirens, radios, etc.)

Project Deliverables:

- Patrol vehicles and associated equipment.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Police department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

Public Works Department

ARPA Funding Amount: \$62,231

Scope of Work:

- The Public Works Department will procure a new service vehicle and associated equipment (trailer, utility bed, etc.) and a backhoe.

-

Project Deliverables:

- Service vehicle and associated equipment and backhoe.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Public Works department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

EXHIBIT B

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made and entered into this ____ day of December, 2024, by and between the **City of Lockhart**, (hereinafter referred to as “City”), and the **City of Lockhart [Insert Dept Name] Department**, hereinafter referred to as the “Other Party”. The City and Other Party are sometimes referred to as a “Party” and collectively “Parties.”

The following recitals are incorporated in and made a part of this MOU:

WHEREAS, on January 6, 2022, the U.S. Department of the Treasury (“Treasury”) issued the Final Rule to implement Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) Program following adoption of the American Rescue Plan Act (“ARPA”) in 2021; and

WHEREAS, on August 10, 2023, the Treasury released an Interim Final Rule implementing new eligible uses; and

WHEREAS, the Obligation Interim Final Rule (“Obligation IFR”) followed in November 2023, that clarified the definition of “obligation” for the SLFRF program and provided related guidance to give additional flexibility and clarity to recipients to support their use of SLFRF funds; and

WHEREAS, on March, 29, 2024, the Treasury issued FAQ 17.6 to further clarify the definition of Obligation and that it considers an interagency agreement, including an agreement in the form of an MOU, to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies certain conditions; and

WHEREAS, the City was awarded SLFRF funds by the Treasury which were distributed to the City from ARPA for covered costs and eligible expenses to be incurred/obligated between March 3, 2021 and December 31, 2024. These funds must be expended by December 31, 2026, with the exception of costs incurred for expanded surface transportation and Title I projects which must also be obligated by December 31, 2024 and expended by December 31, 2026, as outlined in the Interim Final Rule (August 2023); and

WHEREAS, the City desires to disburse funds to the Other Party to perform certain services in connection therewith as set forth in this MOU and in the Purpose/Scope of Work described herein; and

WHEREAS, the Other Party has represented to the City that it is duly qualified, eligible, and willing to provide the certain services identified herein and in the Purpose/Scope of Work section; and

WHEREAS, recipients may obligate funds pursuant to an interagency agreement, including an agreement in the form of an MOU, if the agreement satisfies certain conditions identified in FAQ 17.6 attached as Exhibit A; and

WHEREAS, through this MOU entered into pursuant to the Obligation IFR, the City wishes to formally and legally obligate the funds,

NOW, THEREFORE, in consideration of the foregoing recitals and terms and conditions set forth herein, and funding allocated in an amount not to exceed **[Insert Dollar Amount (\$XXX,XXX.00)]** as herein below set forth, the Parties agree as follows:

I. PURPOSE/SCOPE OF WORK

The purpose of this MOU is to set forth the understanding between the City and Other Party regarding the Purpose and/or Scope of Work to be completed with the SLFRF funds as described here:

American Rescue Plan Act funds will be used to **[Insert Project Scope from Resolution 2024-36]** and is further described in Exhibit B. The project will be funded by both ARPA and the City's general fund. This project and/or procurement will benefit the entire community, as it is the most cost-effective way to provide general government services.

II. AUTHORIZED REPRESENTATIVES

The following will act as the designated Representatives authorized to administer activities to include, but not limited to, notices, consents, approvals, requests, or other general communications provided for or permitted under this MOU. The designated Party Representatives are:

AUTHORIZED REPRESENTATIVES	
City of Lockhart	Other Party
Name: Steve Lewis	Name: _____
Title: City Manager	Title: _____ Director
City of Lockhart	Other Entity Name: City of Lockhart Dept. _____
Address: 308 W San Antonio St.	Address: _____
City/State, Zip Code: Lockhart, TX 78644	City/State, Zip Code: Lockhart, TX 78644
Phone: 512-398-3461	Phone: () ____ - _____
Email: slewis@lockhart-tx.org	Email: _____

Either Party may change its designated Representative by providing written notice to the other Party at least ten (10) calendar days prior to the change. Should the person serving either as the Entity's Authorized Representative change during the duration of this MOU, the person replacing

the Authorized Representative, as the case may be, shall immediately and automatically assume the duties of Designated Representative under this MOU.

III. CITY'S RESPONSIBILITIES

A. The City shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.

B. The City shall be the repository of all receipts and documentation pertinent to the ARPA/SLFRF funds and furnish such to the Treasury upon its request.

C. The City shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, including but not limited to taking all necessary Council action to approve contracts for the acquisition of goods or services for the construction of real property improvements in furtherance of the Project.

D. The City shall serve as the primary contact in all matters pertaining to the ARPA/SLFRF funds and the conduit for communication between itself, Treasury, and the Other Party.

E. The City shall exercise the necessary oversight to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.

IV. OTHER PARTY'S RESPONSIBILITIES

A. The Other Party shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.

B. The Other Party shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, and abide by all guidance documents applicable to this MOU, including, without limitation:

- a. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards;
- b. The Federal Register;
- c. The U.S. Department of the Treasury publications and other guidance documents, including the ARPA Required Provisions outlined in Exhibit C; and
- d. Exhibits included in this Memorandum of Understanding.

C. The Other Party shall take all actions necessary to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.

D. The Other Party shall see that all reporting and recordkeeping requirements that facilitate the City's compliance with SLFRF program requirements are met.

E. The Other Party shall complete all items and deliverables described in the Purpose/Scope of Work and make all payments related to such by or before December 31, 2026.

V. TERMS OF AGREEMENT

A. Purpose of Agreement. The Parties intend this Agreement to act as an obligation of funds for purposes of SLFRF. The Parties agree to promptly amend this Agreement if necessary to meet any additional Treasury requirements or clarify any matter that prevents this Agreement from being treated as an obligation of funds.

B. Term. This MOU shall be effective as of the date signed by the last Party. The obligations of the Parties will end on December 31, 2026. The expenditures outlined in the Purpose/Scope of Work are effective on **December** _____, 2024 through December 31, 2026. Unless extended or waived by Treasury, it is understood at the time of this MOU, that no ARPA/SLFRF expenditures are allowed beyond December 31, 2026.

C. Amendment. The City and Other Party may amend this agreement (i) before December 31, 2024, for the purposes described in Section V, Paragraph A above, or (ii) at any time provided that such amendment(s) make specific reference to this MOU and are executed in writing and signed by a duly authorized representative of both Parties. Such amendment(s) shall not invalidate this MOU, nor relieve or release either Party from its obligations under this MOU. Amendment(s) must comply with guidance published in Treasury's Obligation Interim Final Rule or FAQ 17.16, and any additional future guidance from Treasury.

D. Termination. This MOU may be terminated if deemed necessary by either Party upon thirty (30) days' written notice to the other Party. All ARPA/SLFRF funds must be fully obligated by December 31, 2024, and will be subject to recapture or return to Treasury if termination occurs after December 31, 2024.

IN WITNESS, WHEREOF, the City and the Other Party have executed this MOU as of the date first above written.

CITY OF LOCKHART, TEXAS

ATTEST:

Date: _____
Steve Lewis, City Manager

Date: _____
Julie Bowermon, City Secretary

OTHER PARTY

ATTEST:

Date: _____
[Department Head Name], [Title]

Date: _____
[Printed Name], [Title]

EXHIBIT A

SLFRF Final Rule FAQ – As of March 29, 2024

17.6. Does an interagency agreement between departments and agencies within a recipient's government constitute an obligation?

Treasury considers an interagency agreement, including an agreement in the form of a memorandum of understanding (MOU), to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies one of the following conditions:

- it imposes conditions on the use of funds by the agency, department, or part of government receiving funds to carry out the program;
- it governs the provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds; or
- it governs the procurement of goods or services by one agency, department, or part of government from another

and the agreement also satisfies each of the following conditions:

- it sets forth specific requirements, such as a scope of work and project deliverables;
- it is signed by the parties to the agreement, or otherwise evidences that each party has assented to the agreement; and
- it does not disclaim any binding effect or state that it does not create rights or obligations.

Examples of interagency agreements Treasury would consider obligations include the following:

- If the Office of the Governor of a state has authority over the disposition of federal financial assistance available to the state, an MOU between the Office of the Governor and the state department of education pursuant to which the Governor agrees to fund the department to carry out a summer program to address learning loss related to the pandemic through 2026, including the coverage of payroll for time spent on the program.
- If a city council has appropriated a certain amount of funds for a public safety initiative to be administered by the city's executive branch through fiscal year 2025, an agreement between the city's Chief Executive and the city's public safety department under which the department agrees to comply with reporting and recordkeeping requirements that facilitate the city's compliance with SLFRF program requirements.
- If a county's legislative body has made SLFRF revenue loss funds available to their housing agency for coverage of its operating costs through fiscal year 2026, an agreement with the county's department of technology under which the housing agency procures IT services from the county's department of technology.

- If a Tribal council has made SLFRF funds available to the social services department to cover the operational costs of an elder care program through December 31, 2026, an agreement with the department under which the social services department agrees to perform and complete in a satisfactory and proper manner the scope of work specified in accordance with the SLFRF award terms and conditions.

17.7. May a recipient use SLFRF funds to cover personnel costs between January 1, 2025, and December 31, 2026?

Treasury will consider a recipient to have incurred an obligation with respect to personnel costs for an employee through December 31, 2026, to the extent the employee is serving in a position that was established and filled prior to December 31, 2024.

Accordingly, funds may be used to cover such personnel costs if doing so would fall within the scope of an eligible use of SLFRF, such as payroll costs for state employees overseeing contracts for broadband projects or county employees overseeing affordable housing projects.

Personnel costs for this purpose include all salary and wages, covered benefits, 11 and payroll taxes for such positions, as in effect at the time of payment.

In the event of turnover of personnel, recipients may continue to pay different personnel in the same job position to the extent that the position in question was established and filled prior to December 31, 2024. Recipients may also reorganize positions within the scope of an eligible use of SLFRF after December 31, 2024, but may not use funds to cover any new positions after that date. For example, if an eligible project has filled ten job training specialist positions by December 31, 2024, the recipient may use funds to cover payroll for one of those training specialists who is promoted to supervise the other specialists after December 31, 2024, so long as there are no more than ten positions covered through SLFRF funds in total.

Recipients may estimate the amount that may be necessary to cover personnel costs through the expenditure period, report that estimate to Treasury, and retain those funds to pay personnel costs covered by the estimate, as discussed further in FAQ 17.8.

17.16. Under what circumstances may a recipient use SLFRF to cover cost increases attributable to a contract that is entered into by December 31, 2024?

In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after the obligation deadline of December 31, 2024. However, if a contract entered into by December 31, 2024, expressly provides for change orders or contract contingencies, the recipient may use SLFRF funds to cover increased costs attributable to such change orders or contract contingencies. Such increased costs are not considered new obligations but are instead attributable to a preexisting obligation to accommodate the change or contingency.

Additionally, recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024. This flexibility is consistent with recipients' ability to terminate

a contract for convenience and to use SLFRF funds for costs associated with change orders and contingencies that are contemplated by their contracts and subawards.

Based on comments received from recipients, and for the reasons discussed above, Treasury is providing this guidance as an update to the prior statement in the Obligation IFR that recipients could not use SLFRF funds after the obligation deadline to cover a cost increase associated with a contract amendment.

Recipients may estimate the amount that may be necessary to cover changes or contingencies through the expenditure period, include that amount in the amount of the final obligation for the project that is reported to Treasury as of December 31, 2024, and retain those funds to pay costs covered by the estimate. Recipients providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose. The SLFRF Compliance and Reporting Guidance will be updated to provide additional information on reporting requirements associated with this option.

Recipients may also cover contract cost increases after December 31, 2024, in the scenarios outlined above using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in FAQ 17.19), or (2) program income (as discussed in FAQ 17.21).

Obligating SLFRF Funds Through an Interagency Agreement

State, local, territorial and Tribal governments across the country are using State and Local Fiscal Recovery Funds (SLFRF) to mitigate the fiscal impacts of the pandemic and serve the needs of their communities.

Treasury has clarified that a recipient may enter into an **interagency agreement**, including a memorandum of understanding, between departments and agencies within a recipient's government and treat those funds as obligated for purposes of SLFRF if the interagency agreement meets certain conditions, as discussed below and pursuant to FAQ 17.6.

SLFRF recipients must **obligate all funds by the end of 2024**, and must **expend all funds by the end of 2026**.¹ Treasury published the additional guidance in Section 17 of the SLFRF FAQs to clarify how recipients can complete obligated projects in 2025 and 2026, using contracts or subawards or interagency agreements.

Recipients may wish to use funds for a variety of projects undertaken themselves:

- To carry out educational programs, such as payroll for teachers for a summer program to address learning loss related to the pandemic;
- To administer a workforce training program;
- To finance capital projects through a housing agency;
- To provide public safety services.

The interagency agreement must be in effect by December 31, 2024, and must meet these conditions:

ONE requirement from Column A:

- Imposes conditions on the use of funds by recipient agency, department, or part of government receiving funds to carry out the program
- Governs provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds
- Governs the procurement of goods or services by one agency, department, or part of government from another



ALL requirements from Column B:

- Sets forth specific requirements (e.g., scope of work and project deliverables)
- Is signed by the parties or otherwise evidences assent of parties
- Does not disclaim binding effect or state that it does not create rights or obligations

The interagency agreement must be reported to Treasury as described in the [Compliance and Reporting Guidance](#). A recipient can modify an existing interagency agreement before December 31, 2024 to ensure it meets the requirements described above and in FAQ 17.6. The agreement may also be between units of a Tribal government, as described in FAQ 17.23.

You can learn more about obligating SLFRF Funds through an interagency agreement by visiting our webpage, Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions at <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf> and see FAQs 17.6 and 17.23, or scan this QR code:

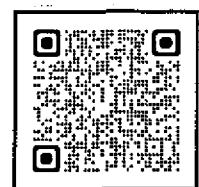


EXHIBIT B
Project Scope

EXHIBIT C

ARPA Required Provisions

CFR 200.327 Contract provisions. The Non-Federal entity's contracts should contain applicable provisions described in Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards. The Non-Federal entity's contracts must contain the provisions described in Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, as applicable.

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	2 CFR 200 Appendix II (A-L)		
>\$250,000 (Simplified Acquisition Threshold)	Contracts for more than the simplified acquisition threshold, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by <u>41 U.S.C. 1908</u> , must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.	2 CFR 200 APPENDIX II (A)	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$10,000	All contracts in excess of \$10,000 must address termination for cause and for convenience by the Non-Federal entity including the manner by which it will be affected and the basis for settlement.	2 CFR 200 APPENDIX II (B)	Contractor RFP/IFB Contractor RFQ Subrecipients
None	Equal Employment Opportunity. Except as otherwise provided under <u>41 CFR Part 60</u>, all contracts that meet the definition of "federally assisted construction contract" in <u>41 CFR Part 60-1.3</u> must include the equal opportunity clause provided under <u>41 CFR 60-1.4(b)</u>, in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at <u>41 CFR part 60</u>, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor." 41 CFR 60-1.4 Equal opportunity clause. (b) Federally assisted construction contracts. (1) Except as otherwise provided, each administering agency shall require the inclusion of the following language as a condition of any grant, contract, loan, insurance, or guarantee involving federally assisted construction which is not exempt from the requirements of the equal opportunity clause: The [recipient] hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in the regulations of the Secretary of Labor at 41 CFR Chapter 60, which is paid for in whole or in part with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to a grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following equal opportunity clause: During the performance of this contract, the contractor agrees as follows: (1) The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in	2 CFR 200 APPENDIX II (C) and 41 CFR §60-1.4(b)	Contractor RFP/IFB Contractor RFQ Subrecipients

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. (2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin. (3) The contractor will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information. (4) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment. (5) The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor. (6) The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders. (7) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law. (8) The contractor will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States. The [recipient] further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work: Provided, that if the [recipient] so participating is a State or local government, the above equal opportunity clause is not applicable to any agency, instrumentality or subdivision of such government which does not participate		

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	in work on or under the contract. The [recipient] agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the recipient agency in the discharge of the agency's primary responsibility for securing compliance. The recipient further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the [recipient] agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the [recipient] under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from such [recipient]; and refer the case to the Department of Justice for appropriate legal proceedings.		
>\$10,000,000 for ARPA but State Provision Applies at any amount and/or >\$2,000 for CDBG/Braided Funds Projects See TX Prevailing Wage Laws	Davis-Bacon Act, as amended (<u>40 U.S.C. 3141-3148</u>). When required by Federal program legislation, all prime construction contracts in excess of \$10,000,00 awarded by Non-Federal entities must include a provision for compliance with the Davis-Bacon Act (<u>40 U.S.C. 3141-3144</u>, and <u>3146-3148</u>) as supplemented by Department of Labor regulations (<u>29 CFR Part 5</u>, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The Non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The Non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (<u>40 U.S.C. 3145</u>), as supplemented by Department of Labor regulations (<u>29 CFR Part 3</u>, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The Non-Federal entity must report all suspected or reported violations to the Federal awarding agency.	2 CFR 200 APPENDIX II (D)	Contractor RFP/IFB Subrecipients
>\$100,000	Contract Work Hours and Safety Standards Act (<u>40 U.S.C. 3701-3708</u>). Where applicable, all contracts awarded by the Non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with <u>40 U.S.C. 3702</u> and <u>3704</u> , as supplemented by Department of Labor regulations (<u>29 CFR Part 5</u>). Under <u>40 U.S.C. 3702</u> of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one	2 CFR 200 APPENDIX II (E)	Contractor RFP/IFB Subrecipients

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	and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of <u>40 U.S.C. 3704</u> are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.		
None	Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.	2 CFR 200 APPENDIX II (F)	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$150,000	Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended – Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the Non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).	2 CFR 200 APPENDIX II (G)	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$25,000	Debarment and Suspension (Executive Orders 12549 and 12689) – A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension." SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.	2 CFR 200 APPENDIX II (H)	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
>\$100,000	Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) – Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with Non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the Non-Federal award.	2 CFR 200 APPENDIX II (I) and 24 CFR §570.303	Contractor RFP/IFB Contractor RFQ Subrecipients

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	See 2 CFR §200.323 - Procurement of Recovered Materials. Where applicable, in the performance of contract, pursuant to 2 CFR 200.323, the contractor must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines. To the extent that the scope of work or specifications in the contract requires the contractor to provide recovered materials the scope of work or specifications are modified to require that as follows. i. In the performance of this contract, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired— 1. Competitively within a timeframe providing for compliance with the contract performance schedule; 2. Meeting contract performance requirements; or 3. At a reasonable price. ii. Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines web site, https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program. iii. The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the "Solid Waste Disposal Act."	2 CFR 200 APPENDIX II (J)	Contractor RFP/IFB Contractor RFQ Subrecipients
	See 2 CFR §200.216 - Prohibition on certain telecommunications and video surveillance services or equipment (a) Recipients and subrecipients are prohibited from obligating or expending loan or grant funds to: (1) Procure or obtain; (2) Extend or renew a contract to procure or obtain; or (3) Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in <u>Public Law 115-232</u>, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities). (i) For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities). (ii) Telecommunications or video surveillance services provided by such entities or using such equipment. (iii) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of the National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity	2 CFR 200 APPENDIX II (K)	Contractor RFP/IFB Contractor RFQ Subrecipients

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	owned or controlled by, or otherwise connected to, the government of a covered foreign country. (b) In implementing the prohibition under <u>Public Law 115-232</u>, section 889, subsection (f), paragraph (1), heads of executive agencies administering loan, grant, or subsidy programs shall prioritize available funding and technical support to assist affected businesses, institutions and organizations as is reasonably necessary for those affected entities to transition from covered communications equipment and services, to procure replacement equipment and services, and to ensure that communications service to users and customers is sustained. (c) See <u>Public Law 115-232</u>, section 889 for additional information. (d) See also <u>§ 200.471</u>.		
	See 2 CFR §200.322 - Domestic Preferences for Procurements. (a) As appropriate and to the extent consistent with law, the Non-Federal entity should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award. (b) For purposes of this section: (1) "Produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States. (2) "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.	2 CFR 200 APPENDIX II (L)	Contractor RFP/IFB Contractor RFQ Subrecipients
	Additional 2 CFR 200 references & Other Regulations		
None	The Federal awarding agency must establish conflict of interest policies for Federal awards. The Non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.	2 CFR 200.112	Contractor RFP/IFB Contractor RFQ Subrecipients
None	Contracting with HUB, small and minority businesses, women's business enterprises, and labor surplus area firms. (a) The Non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible. (b) Affirmative steps must include: (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists; (2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources; (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;	2 CFR 200.321	Contractor RFP/IFB Contractor RFQ Subrecipients

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	(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises; (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (b)(1) through (5) of this section.		
>\$10,000	An NFE (Non-Federal Entity) that is a state agency or an agency of a political subdivision of a state, and the NFE's contractors must comply with Section 6002 of the Solid Waste Disposal Act. Applicable NFEs must include a contract provision requiring compliance with this requirement. This includes contracts awarded by a state agency or political subdivision of a state and its contractors for certain items, as designated by the EPA, with a purchase price greater than \$10,000. Indian Tribal Governments and nonprofit organizations are not required to comply with this provision. Additional requirements are listed below.	2 CFR 200.323	Contractor RFP/IFB Contractor RFQ Subrecipients
None	Financial records, supporting documents, statistical records, and all other Non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon Non-Federal entities. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. The only exceptions are the following: (a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. (b) When the Non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period. (c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition. All records related to ARPA shall be maintained for 5 years per the ARPA terms and conditions and regulations. (d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the Non-Federal entity. All records related to ARPA shall be maintained for 5 years per the ARPA terms and conditions and regulations. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. (e) Records for program income transactions after the period of performance. In some cases, recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the Non-Federal entity's fiscal year in which the program income is earned. (f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: Indirect cost rate computations or proposals, cost allocation plans, and any similar accounting	2 CFR 200.334	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

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	computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates). (1) <i>If submitted for negotiation.</i> If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations. (2) <i>If not submitted for negotiation.</i> If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation. All records related to ARPA shall be maintained for 5 years per the ARPA terms, conditions, and regulations.		
None	The Federal awarding agency and the Non-Federal entity should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine-readable formats rather than in closed formats or on paper in accordance with applicable legislative requirements. A machine-readable format is a format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. The Federal awarding agency or pass-through entity must always provide or accept paper versions of Federal award-related information to and from the Non-Federal entity upon request. If paper copies are submitted, the Federal awarding agency or pass-through entity must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.	2 CFR 200.336	Contractor RFP/IFB Contractor RFQ Subrecipients
None	CONTRACTS WITH COMPANIES ENGAGED IN BUSINESS WITH IRAN, SUDAN, OR FOREIGN TERRORIST ORGANIZATION PROHIBITED. A governmental entity may not enter into a governmental contract with a company that is identified on a list prepared and maintained under Section 806.051, 807.051, or 2252.153. The term "foreign terrorist organization" in this paragraph has the meaning assigned to such a term in Section 2252.151(2) of the Texas Government Code.	Texas Government Code 2252.152	Contractor RFP/IFB Contractor RFQ Subrecipients
>\$100,000	PROVISION REQUIRED IN CONTRACT. (a) This section applies only to a contract that: (1) is between a governmental entity and a company with 10 or more full-time employees; and (2) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity. (b) A governmental entity may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract.	Texas Government Code 2271	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
For Critical Infrastructure Projects	PROHIBITION ON CONTRACTS WITH CERTAIN FOREIGN-OWNED COMPANIES IN CONNECTION WITH CRITICAL INFRASTRUCTURE. PROHIBITED CONTRACTS. (a) A governmental entity may not enter into a contract or other agreement relating	Texas Government Code, Title 10, Subtitle F, Chapter 2274.0102	Subrecipients EC 6.1 Awardees

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	to critical infrastructure in this state with a company: (1) if, under the contract or other agreement, the company would be granted direct or remote access to or control of critical infrastructure in this state, excluding access specifically allowed by the governmental entity for product warranty and support purposes; and (2) if the governmental entity knows that the company is: (A) owned by or the majority of stock or other ownership interest of the company is held or controlled by: (i) individuals who are citizens of China, Iran, North Korea, Russia, or a designated country; or (ii) a company or other entity, including a governmental entity, that is owned or controlled by citizens of or is directly controlled by the government of China, Iran, North Korea, Russia, or a designated country; or (B) headquartered in China, Iran, North Korea, Russia, or a designated country. (b) The prohibition described by Subsection (a) applies regardless of whether: (1) the company's or its parent company's securities are publicly traded; or (2) the company or its parent company is listed on a public stock exchange as: (A) a Chinese, Iranian, North Korean, or Russian company; or (B) a company of a designated country.		
None	Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act.	42 U.S.C. 6201	Contractor RFP/IFB Subrecipients
None	The Firm agrees that no otherwise qualified individual with disabilities shall, solely by reason of his/her disability, be denied the benefits of, or be subjected to discrimination, including discrimination in employment, under any program or activity receiving federal financial assistance.	Section 504 of the Rehabilitation Act of 1973, as amended.	Subrecipients
	ARPA Terms & Conditions		
ARPA Terms, Conditions, & Records	1. Use of Funds. a. Recipient understands and agrees that the funds disbursed under this award may only be used in compliance with section 603(c) of the Social Security Act (the Act), Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing. b. Recipient will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	2. Period of Performance. The period of performance for this award begins on the date hereof and ends on December 31, 2026. As set forth in Treasury's implementing regulations, Recipients may use award funds to cover eligible costs incurred during the period that begins on March 3, 2021, and ends on December 31, 2024.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	3. Reporting. Recipient agrees to comply with any reporting obligations established by Treasury as they relate to this award.	Section 9901 of the American Rescue Plan Act, Pub. L. No.	Subrecipients

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		117-2; Section 602(b), 603(b) and/or 603(c) as applicable	
ARPA Terms, Conditions, & Records	4. Maintenance of and Access to Records a. Recipient shall maintain records and financial documents sufficient to evidence compliance with section 603(c) of the Act, Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing. b. The Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of Recipient in order to conduct audits or other investigations. c. Records shall be maintained by Recipient for a period of five (5) years after all funds have been expended or returned to Treasury, whichever is later.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	5. Pre-award Costs. Pre-award costs, as defined in 2 CFR § 200.458, may not be paid with funding from this award.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	6. Administrative Costs. Recipient may use funds provided under this award to cover both direct and indirect costs.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	7. Cost Sharing. Cost sharing or matching funds are not required to be provided by Recipient.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	8. Conflicts of Interest. Recipient understands and agrees it must maintain a conflict of interest policy consistent with 2 CFR § 200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. Recipient and subrecipients must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 CFR § 200.112.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	9. Compliance with Applicable Law and Regulations. a. Recipient agrees to comply with the requirements of section 603 of the Act, regulations adopted by Treasury pursuant to section 603(f) of the Act, and guidance issued by Treasury regarding the foregoing. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this award. b. Federal regulations applicable to this award include, without limitation, the following: i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

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	exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award. ii. Universal Identifier and System for Award Management (SAM), 2 CFR Part 25, pursuant to which the award term set forth in Appendix A to 2 CFR Part 25 is hereby incorporated by reference. iii. Reporting Subaward and Executive Compensation Information, 2 CFR Part 170, pursuant to which the award term set forth in Appendix A to 2 CFR Part 170 is hereby incorporated by reference. iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement), 2 CFR Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 CFR Part 180, subpart B) that the award is subject to 2 CFR Part 180 and Treasury's implementing regulation at 31 CFR Part 19. v. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 CFR Part 200, Appendix XII to Part 200 is hereby incorporated by reference. vi. Governmentwide Requirements for Drug-Free Workplace, 31 CFR Part 20. (Subrecipient Only) vii. New Restrictions on Lobbying, 31 CFR Part 21. viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations. ix. Generally applicable federal environmental laws and regulations. c. Statutes and regulations prohibiting discrimination applicable to this award include, without limitation, the following: i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 CFR Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance; ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability; iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance; iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 CFR Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.		
ARPA Terms, Conditions, & Records	10. Remedial Actions. In the event of Recipient's noncompliance with section 603 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 CFR § 200.339. In the case of a violation of section 603(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 603(e) of the Act.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	11. Hatch Act. Recipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b),	Subrecipients

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	assistance.	603(b) and/or 603(c) as applicable	
ARPA Terms, Conditions, & Records	12. False Statements. Recipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	13. Publications. Any publications produced with funds from this award must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number [enter project FAIN] awarded to [name of Recipient] by the U.S. Department of the Treasury."	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	14. Debts Owed the Federal Government. a. Any funds paid to Recipient (1) in excess of the amount to which Recipient is finally determined to be authorized to retain under the terms of this award; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to section 603(e) of the Act and have not been repaid by Recipient shall constitute a debt to the federal government. b. Any debts determined to be owed the federal government must be paid promptly by Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made or if the Recipient knowingly or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any actions available to it to collect such a debt.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	15. Disclaimer. a. The United States expressly disclaims any and all responsibility or liability to Recipient or third persons for the actions of Recipient or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this award or any other losses resulting in any way from the performance of this award or any contract, or subcontract under this award. b. The acceptance of this award by Recipient does not in any way establish an agency relationship between the United States and Recipient.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Subrecipients
ARPA Terms, Conditions, & Records	16. Protections for Whistleblowers. a. In accordance with 41 U.S.C. § 4712, Recipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant. b. The list of persons and entities referenced in the paragraph above includes the following: i. A member of Congress or a representative of a committee of Congress; ii. An Inspector General; iii. The Government Accountability Office;	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

THRESHOLD	PROVISION	CITATION	PROVISION APPLIES TO
	iv. A Treasury employee responsible for contract or grant oversight or management; v. An authorized official of the Department of Justice or other law enforcement agency; vi. A court or grand jury; or vii. A management official or other employee of Recipient, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct. c. Recipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.		
ARPA Terms, Conditions, & Records	17. Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Recipient should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors
ARPA Terms, Conditions, & Records	18. Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Recipient should encourage its employees, subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and Recipient should establish workplace safety policies to decrease accidents caused by distracted drivers	Section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2; Section 602(b), 603(b) and/or 603(c) as applicable	Contractor RFP/IFB Contractor RFQ Subrecipients Vendors

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made and entered into this 30th day of **December, 2024**, by and between the **City of Lockhart**, (hereinafter referred to as “City”), and the **City of Lockhart Public Works Department**, hereinafter referred to as the “Other Party”. The City and Other Party are sometimes referred to as a “Party” and collectively “Parties.”

The following recitals are incorporated in and made a part of this MOU:

WHEREAS, on January 6, 2022, the U.S. Department of the Treasury (“Treasury”) issued the Final Rule to implement Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) Program following adoption of the American Rescue Plan Act (“ARPA”) in 2021; and

WHEREAS, on August 10, 2023, the Treasury released an Interim Final Rule implementing new eligible uses; and

WHEREAS, the Obligation Interim Final Rule (“Obligation IFR”) followed in November 2023, that clarified the definition of “obligation” for the SLFRF program and provided related guidance to give additional flexibility and clarity to recipients to support their use of SLFRF funds; and

WHEREAS, on March, 29, 2024, the Treasury issued FAQ 17.6 to further clarify the definition of Obligation and that it considers an interagency agreement, including an agreement in the form of an MOU, to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies certain conditions; and

WHEREAS, the City was awarded SLFRF funds by the Treasury which were distributed to the City from ARPA for covered costs and eligible expenses to be incurred/obligated between March 3, 2021 and December 31, 2024. These funds must be expended by December 31, 2026, with the exception of costs incurred for expanded surface transportation and Title I projects which must also be obligated by December 31, 2024 and expended by December 31, 2026, as outlined in the Interim Final Rule (August 2023); and

WHEREAS, the City desires to disburse funds to the Other Party to perform certain services in connection therewith as set forth in this MOU and in the Purpose/Scope of Work described herein; and

WHEREAS, the Other Party has represented to the City that it is duly qualified, eligible, and willing to provide the certain services identified herein and in the Purpose/Scope of Work section; and

WHEREAS, recipients may obligate funds pursuant to an interagency agreement, including an agreement in the form of an MOU, if the agreement satisfies certain conditions identified in FAQ 17.6 attached as Exhibit A; and

WHEREAS, through this MOU entered into pursuant to the Obligation IFR, the City wishes to formally and legally obligate the funds,

NOW, THEREFORE, in consideration of the foregoing recitals and terms and conditions set forth herein, and funding allocated in an amount not to exceed [sixty-two thousand and two hundred thirty-one dollars (\$62,231.00)] as herein below set forth, the Parties agree as follows:

I. PURPOSE/SCOPE OF WORK

The purpose of this MOU is to set forth the understanding between the City and Other Party regarding the Purpose and/or Scope of Work to be completed with the SLFRF funds as described here:

American Rescue Plan Act funds will be used to **procure a new service vehicle and associated equipment (trailer, utility bed, etc.) and a backhoe as further described in Exhibit B.**

The project will be funded by both ARPA and the City's general fund. This project and/or procurement will benefit the entire community, as it is the most cost-effective way to provide general government services.

II. AUTHORIZED REPRESENTATIVES

The following will act as the designated Representatives authorized to administer activities to include, but not limited to, notices, consents, approvals, requests, or other general communications provided for or permitted under this MOU. The designated Party Representatives are:

AUTHORIZED REPRESENTATIVES	
City of Lockhart	Other Party
Name: Steve Lewis	Name: Sean Kelley
Title: City Manager	Title: Public Works Director
City of Lockhart	Other Entity Name: City of Lockhart Public Works Dept.
Address: 308 W San Antonio St.	Address: 705 Wichita St.
City/State, Zip Code: Lockhart, TX 78644	City/State, Zip Code: Lockhart, TX 78644
Phone: 512-398-3461	Phone: 512-398-6452
Email: slewis@lockhart-tx.org	Email: skelley@lockhart-tx.org

Either Party may change its designated Representative by providing written notice to the other Party at least ten (10) calendar days prior to the change. Should the person serving either as the Entity's Authorized Representative change during the duration of this MOU, the person replacing the Authorized Representative, as the case may be, shall immediately and automatically assume the duties of Designated Representative under this MOU.

III. CITY'S RESPONSIBILITIES

- A. The City shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.
- B. The City shall be the repository of all receipts and documentation pertinent to the ARPA/SLFRF funds and furnish such to the Treasury upon its request.
- C. The City shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, including but not limited to taking all necessary Council action to approve contracts for the acquisition of goods or services for the construction of real property improvements in furtherance of the Project.
- D. The City shall serve as the primary contact in all matters pertaining to the ARPA/SLFRF funds and the conduit for communication between itself, Treasury, and the Other Party.
- E. The City shall exercise the necessary oversight to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.

IV. OTHER PARTY'S RESPONSIBILITIES

- A. The Other Party shall endeavor to execute its ARPA/SLFRF responsibilities in a timely and efficient manner.
- B. The Other Party shall comply with all federal, state, local, and ARPA/SLFRF procurement policies, as applicable, and abide by all guidance documents applicable to this MOU, including, without limitation:
 - a. 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards;
 - b. The Federal Register;
 - c. The U.S. Department of the Treasury publications and other guidance documents, including the ARPA Required Provisions outlined in Exhibit C; and
 - d. Exhibits included in this Memorandum of Understanding.
- C. The Other Party shall take all actions necessary to ensure that the ARPA/SLFRF funds are used for the Project and for no other purposes.
- D. The Other Party shall see that all reporting and recordkeeping requirements that facilitate the City's compliance with SLFRF program requirements are met.
- E. The Other Party shall complete all items and deliverables described in the Purpose/Scope of Work and make all payments related to such by or before December 31, 2026.

V. TERMS OF AGREEMENT

A. Purpose of Agreement. The Parties intend this Agreement to act as an obligation of funds for purposes of SLFRF. The Parties agree to promptly amend this Agreement if necessary to meet any additional Treasury requirements or clarify any matter that prevents this Agreement from being treated as an obligation of funds.

B. Term. This MOU shall be effective as of the date signed by the last Party. The obligations of the Parties will end on December 31, 2026. The expenditures outlined in the Purpose/Scope of Work are effective on **December 30, 2024** through December 31, 2026. Unless extended or waived by Treasury, it is understood at the time of this MOU, that no ARPA/SLFRF expenditures are allowed beyond December 31, 2026.

C. Amendment. The City and Other Party may amend this agreement (i) before December 31, 2024, for the purposes described in Section V, Paragraph A above, or (ii) at any time provided that such amendment(s) make specific reference to this MOU and are executed in writing and signed by a duly authorized representative of both Parties. Such amendment(s) shall not invalidate this MOU, nor relieve or release either Party from its obligations under this MOU. Amendment(s) must comply with guidance published in Treasury's Obligation Interim Final Rule or FAQ 17.16, and any additional future guidance from Treasury.

D. Termination. This MOU may be terminated if deemed necessary by either Party upon thirty (30) days' written notice to the other Party. All ARPA/SLFRF funds must be fully obligated by December 31, 2024, and will be subject to recapture or return to Treasury if termination occurs after December 31, 2024.

IN WITNESS, WHEREOF, the City and the Other Party have executed this MOU as of the date first above written.

CITY OF LOCKHART, TEXAS

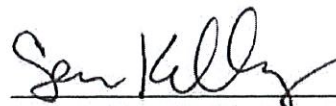
ATTEST:

 Date: 12/24/24
Steve Lewis, City Manager

 Date: 12.30.24
Julie Bowermon, City Secretary

OTHER PARTY

ATTEST:

 Date: 12/30/24
Sean Kelley, Public Works Director

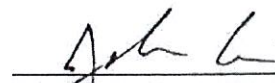
 Date: 12/30/24
John Cain, Street/Sanitation Supervisor

EXHIBIT A

SLFRF Final Rule FAQ – As of March 29, 2024

17.6. Does an interagency agreement between departments and agencies within a recipient's government constitute an obligation?

Treasury considers an interagency agreement, including an agreement in the form of a memorandum of understanding (MOU), to constitute a “transaction requiring payment” similar to a contract or subaward and therefore an obligation for purposes of the SLFRF rule, if the agreement satisfies one of the following conditions:

- it imposes conditions on the use of funds by the agency, department, or part of government receiving funds to carry out the program;
- it governs the provision of funds from one agency, department, or part of government to another to carry out an eligible use of SLFRF funds; or
- it governs the procurement of goods or services by one agency, department, or part of government from another

and the agreement also satisfies each of the following conditions:

- it sets forth specific requirements, such as a scope of work and project deliverables;
- it is signed by the parties to the agreement, or otherwise evidences that each party has assented to the agreement; and
- it does not disclaim any binding effect or state that it does not create rights or obligations.

Examples of interagency agreements Treasury would consider obligations include the following:

- If the Office of the Governor of a state has authority over the disposition of federal financial assistance available to the state, an MOU between the Office of the Governor and the state department of education pursuant to which the Governor agrees to fund the department to carry out a summer program to address learning loss related to the pandemic through 2026, including the coverage of payroll for time spent on the program.
- If a city council has appropriated a certain amount of funds for a public safety initiative to be administered by the city's executive branch through fiscal year 2025, an agreement between the city's Chief Executive and the city's public safety department under which the department agrees to comply with reporting and recordkeeping requirements that facilitate the city's compliance with SLFRF program requirements.
- If a county's legislative body has made SLFRF revenue loss funds available to their housing agency for coverage of its operating costs through fiscal year 2026, an agreement with the county's department of technology under which the housing agency procures IT services from the county's department of technology.

- If a Tribal council has made SLFRF funds available to the social services department to cover the operational costs of an elder care program through December 31, 2026, an agreement with the department under which the social services department agrees to perform and complete in a satisfactory and proper manner the scope of work specified in accordance with the SLFRF award terms and conditions.

17.7. May a recipient use SLFRF funds to cover personnel costs between January 1, 2025, and December 31, 2026?

Treasury will consider a recipient to have incurred an obligation with respect to personnel costs for an employee through December 31, 2026, to the extent the employee is serving in a position that was established and filled prior to December 31, 2024.

Accordingly, funds may be used to cover such personnel costs if doing so would fall within the scope of an eligible use of SLFRF, such as payroll costs for state employees overseeing contracts for broadband projects or county employees overseeing affordable housing projects.

Personnel costs for this purpose include all salary and wages, covered benefits, 11 and payroll taxes for such positions, as in effect at the time of payment.

In the event of turnover of personnel, recipients may continue to pay different personnel in the same job position to the extent that the position in question was established and filled prior to December 31, 2024. Recipients may also reorganize positions within the scope of an eligible use of SLFRF after December 31, 2024, but may not use funds to cover any new positions after that date. For example, if an eligible project has filled ten job training specialist positions by December 31, 2024, the recipient may use funds to cover payroll for one of those training specialists who is promoted to supervise the other specialists after December 31, 2024, so long as there are no more than ten positions covered through SLFRF funds in total.

Recipients may estimate the amount that may be necessary to cover personnel costs through the expenditure period, report that estimate to Treasury, and retain those funds to pay personnel costs covered by the estimate, as discussed further in FAQ 17.8.

17.16. Under what circumstances may a recipient use SLFRF to cover cost increases attributable to a contract that is entered into by December 31, 2024?

In general, recipients cannot re-obligate funds or obligate additional SLFRF funds after the obligation deadline of December 31, 2024. However, if a contract entered into by December 31, 2024, expressly provides for change orders or contract contingencies, the recipient may use SLFRF funds to cover increased costs attributable to such change orders or contract contingencies. Such increased costs are not considered new obligations but are instead attributable to a preexisting obligation to accommodate the change or contingency.

Additionally, recipients may cover the cost of amendments to contracts if the amended contract is within substantially the same scope and for substantially the same purpose as the contract that was incurred by December 31, 2024. This flexibility is consistent with recipients' ability to terminate

a contract for convenience and to use SLFRF funds for costs associated with change orders and contingencies that are contemplated by their contracts and subawards.

Based on comments received from recipients, and for the reasons discussed above, Treasury is providing this guidance as an update to the prior statement in the Obligation IFR that recipients could not use SLFRF funds after the obligation deadline to cover a cost increase associated with a contract amendment.

Recipients may estimate the amount that may be necessary to cover changes or contingencies through the expenditure period, include that amount in the amount of the final obligation for the project that is reported to Treasury as of December 31, 2024, and retain those funds to pay costs covered by the estimate. Recipients providing such an estimate will not be required to return such funds to Treasury after 2024 assuming that they are ultimately expended for an eligible purpose. The SLFRF Compliance and Reporting Guidance will be updated to provide additional information on reporting requirements associated with this option.

Recipients may also cover contract cost increases after December 31, 2024, in the scenarios outlined above using (1) SLFRF funds that the recipient does not use as initially reported to cover particular projects, for example if a reported project is performed under budget or is determined to be an ineligible activity (as discussed further in FAQ 17.19), or (2) program income (as discussed in FAQ 17.21).

EXHIBIT B

Project Scope

Public Works Department

ARPA Funding Amount: \$62,231

Scope of Work:

- The Public Works Department will procure a new service vehicle and associated equipment (trailer, utility bed, etc.) and a backhoe.

Project Deliverables:

- Service vehicle and associated equipment and backhoe.
- Documentation of all expenditures.

Compliance Requirements:

- All work must comply with SLFRF guidelines.
- The Public Works department must maintain detailed records.
- Procurement must follow federal, state, and local requirements.
- Provide assistance to the Finance Department to provide regular reporting to Treasury as required.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Approve the Master Services Agreement with P3Works, LLC for Public Improvement District (PID) and Tax Increment Reinvestment Zone (TIRZ) creation and administration services, including execution of a related Project Agreement for the Seawillow PID/TIRZ.

ORIGINATING DEPARTMENT AND CONTACT: Administration - Joseph Resendez

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: On May 21, 2024, City Council approved Resolution No. 2024-13 awarding PID and TIRZ creation and administration services to P3Works, LLC following a competitive Request for Proposals process. That action established P3Works as the City's selected service provider for PID and TIRZ-related services tied to master-planned developments within the City.

The attached Master Services Agreement and Project Agreement provide the contractual framework for P3Works to perform PID and TIRZ creation, administration, reporting, and compliance services for the Seawillow PID/TIRZ. Services outlined in the agreement include preparation and updates to service and assessment plans, bond issuance support, annual reporting, coordination with City consultants, and ongoing district administration in accordance with Texas Local Government Code Chapter 372 and Texas Tax Code Chapter 311.

The agreements are structured so that all costs associated with PID and TIRZ administration are paid from district revenues or developer-advanced funds, with no impact to the City's General Fund. Approval of this item allows staff to proceed with implementation of the PID/TIRZ framework for the Seawillow development consistent with Council direction and adopted City policy.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: 2025-08-18-P3Works-Lockhart-Master

MASTER SERVICES AGREEMENT PROJECT AGREEMENT FORM

This Project Agreement Number **SW-01**, together with the Master Services Agreement between P3Works, LLC (“PID/TIRZ Administrator”) and The City of Lockhart (“City”) as executed on _____, contain the full and complete understanding of the Parties and supersede all prior agreements and understandings between the Parties with respect to the entire subject of this Project Agreement. Only a written instrument signed by an authorized representative of each Party may amend this Project Agreement.

1. Services to be Performed. [select service to be performed]

P3Works, LLC will perform the tasks and responsibilities as indicated below and outlined in the Master Services Agreement:

 X Public Improvement District (PID) Services (See Exhibit A)

 X Tax Increment Reinvestment Zone (TIRZ) Services (See Exhibit B)

 X Public Improvement District (PID) Services combined with Tax Increment Reinvestment Zone Services (See both Exhibits A and B)

PID Name: Seawillow

TIRZ Name: Seawillow

The Effective Date of this Task Order is , 20 .

CITY:

By: _____

Name:

Title:

Date:

CONSULTANT:

By: _____

Name: Mary V. Petty

Title: President

Date:

**MASTER AGREEMENT FOR PUBLIC IMPROVEMENT DISTRICT (PID) AND TAX
INCREMENT REINVESTMENT ZONE (TIRZ) CREATION AND
ADMINISTRATION SERVICES**

This Agreement for Public Improvement District (“PID”) and Tax increment Reinvestment Zone (“TIRZ”) Creation and Administration Services (“Agreement”) is entered into this ____ day of _____, 2026, by and between P3Works, LLC (“P3Works”), and the City of Lockhart, Texas (“City”).

RECITALS

WHEREAS, the City Council contemplates approving and authorizing the creation of one or more Public Improvement Districts ("PIDs" or "Districts"), to finance the costs of certain public improvements for the benefit of properties within the Districts; and

WHEREAS, the City may consider issuing bonds to fund certain improvements in the PID as authorized by the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended; and

WHEREAS, the City may consider creating a Tax Increment Reinvestment Zone (“TIRZ” or “Zone”), in which the boundary will include the boundary of the District, to fund certain improvements as authorized by the Tax Increment Financing Act, of the Texas Tax Code, Chapter 311, as amended; and

WHEREAS, the City requires specialized services related to the creation, revision and updating of the Service and Assessment Plan ("Service and Assessment Plan"), bond issuance, and the administration of the District; the creation, revision and updating of the Final Project and Finance Plan (“Final Plan”) and the Annual Reporting of the PID/TIRZ as more fully set forth in this Agreement; and

WHEREAS, P3Works has the expertise to properly establish and administer the District/Zone and ensure compliance with Texas Local Government Code Chapter 372, and Texas Tax Code Chapter 311; and

WHEREAS, the City desires to retain P3Works to provide District and Zone creation and administration services;

NOW THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and for good and valuable consideration, P3Works and the City agree as follows:

ARTICLE I

TERM OF AGREEMENT

- 1.0 The Agreement shall be effective as of its approval by all parties, shall be for a period of three (3) years, and shall automatically continue each year on a year-to-year basis until terminated pursuant to Article IV of this Agreement.

ARTICLE II

SERVICES TO BE PROVIDED BY P3WORKS

2.0 The scope and timing of services to be performed by P3Works are set forth in Exhibits “A” and “B”, which are attached hereto and incorporated into this Agreement by this reference.

2.1 P3Works agrees its services pursuant to this Agreement shall at all times be subject to the control and supervision of the City and nothing in this Agreement shall constitute an assignment of any right or obligation of the City under any applicable contract, agreement, or law. P3Works shall not represent to any property owner or any other person that it or any of its employees, agents or representatives are acting as the City or employees of the City.

2.2 No substantial changes in the scope of services shall be made without the prior written approval of P3Works and the City.

2.3 P3Works shall supply all tools and means necessary to perform the services and production of the work product described in Exhibits “A” and “B”.

ARTICLE III

PAYMENT TERMS AND CONDITIONS

3.0 In consideration for the services to be performed by P3Works, the City agrees to pay P3Works the fees for all services and related costs and expenses set forth in Exhibits “A” and “B”. Once assessments have been levied the Monthly Collection Fees will begin, and then the February 1 following the levy of assessments, and each February 1 thereafter, the fees shall increase by 2%.

3.1 Monthly invoices shall be submitted to the City for work completed under the rates provided in Exhibits “A” and “B”. City agrees to pay the amount due to P3Works upon receipt of each invoice.

3.2 Copies of all invoices to P3Works for expenses, materials, or services provided to P3Works will accompany the invoice to the City. P3Works will pass any third-party cost through to the City without markup and will not incur any expense in excess of \$200 without written consent of the City.

3.3 P3Works agrees the only source of payment for P3Works’ fees and services shall be the District/Zone or funds advanced by the developer. It is expressly agreed and understood the City general fund shall never be used to pay for any expenses relating to P3Works’ administration of the District/Zone. The City has entered into a Professional Services Reimbursement Agreement with the developer or landowner to fund an escrow, from which the City will pay for services until District/Zone funds shall be used. In the event there is insufficient District/Zone funds in a given year to pay P3Works’ fees and expenses, P3Works agrees to defer the fees and expenses until such time as there are sufficient District/Zone funds or funds advanced by the developer. However, if the developer or landowner does not fund or replenish the funds under the Professional Services Reimbursement Agreement, then at P3Works’ discretion and in accordance with such Agreement, work will cease until such time as the escrow is funded and past due invoices are paid.

ARTICLE IV

TERMINATION OF THIS AGREEMENT

4.0 Notwithstanding any other provisions of this Agreement, either party may terminate this Agreement at any time by giving sixty (60) days written notice to the other party without penalty and without limitation of its right to seek damages. City shall pay P3Works, within 30 days of such termination, all of P3Works' fees and expenses actually accrued or incurred to and including the date of termination, including any amount incurred or accrued in connection with work in progress.

ARTICLE V

INDEMNIFICATION

5.0 GENERAL INDEMNIFICATION – P3WORKS HEREBY COVENANTS AND AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE CITY, ITS OFFICERS, AGENTS, SERVANTS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS OR LAWSUITS OF ANY KIND OR CHARACTER, WHETHER REAL OR ASSERTED, FOR EITHER PROPERTY DAMAGE OR LOSS (INCLUDING ALLEGED DAMAGE OR LOSS TO P3WORKS' BUSINESS AND ANY RESULTING LOST PROFITS) AND/OR PERSONAL INJURY, INCLUDING DEATH, TO ANY AND ALL PERSONS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, TO THE EXTENT CAUSED BY THE NEGLIGENT ACTS OR OMISSIONS OR MALFEASANCE OF P3WORKS, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES.

ARTICLE VI

GENERAL PROVISIONS

6.0 This Agreement supersedes any and all agreements, including any Original PID/TIRZ Administration Agreement, either oral or written, between the parties hereto with respect to rendering of services by P3Works for the City and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Each party of this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party which are not embodied herein and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

6.1 Forum Selection and Severability - This Agreement shall be administered and interpreted under the laws of the State of Texas. Venue for any dispute brought for this Agreement shall be in Tarrant County, Texas. This Agreement shall not be construed for or against any party by reason of who drafted the provisions set forth herein. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall remain in full force and effect.

6.2 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by P3Works without the prior written consent of the City, which shall not be unreasonably withheld.

6.3 P3Works is a PID/TIRZ Administration firm, does not provide financial advice, and is not an Independent Registered Municipal Advisor under the SEC and MSRB Rules. Therefore, P3Works will request an IRMA Exemption Letter if not already provided on the City's website, and then will

provide to the City an IRMA Exemption Acceptance Letter in the general form attached as Exhibit “C” upon execution of the Agreement.

6.4 Independent contractor. It is expressly understood and agreed that P3Works shall operate as an independent consultant as to all rights and privileges granted herein, and not as agent, representative, or employee of the City. Subject to and in accordance with the conditions and provisions of this Agreement, P3Works shall have the exclusive right to control the details of its operations and activities and be solely responsible for the acts and omissions of its officers, agents, servants, employees, consultants and subcontractors. P3Works acknowledges that the doctrine of respondeat superior shall not apply as between the City, its officers, agents, servants and employees, and P3Works, its officers, agents, employees, servants, consultants and subcontractors. P3Works further agrees that nothing herein shall be construed as the creation of a partnership or joint enterprise between the City and P3Works. Neither P3Works nor any of P3Works’ employees or agents, shall be entitled to any benefits accorded to City’s employees, including without limitation, worker’s compensation, disability insurance, vacation, or sick pay.

6.5 The waiver by either party of a breach or violation of any provision of this Agreement will not operate as or be construed to be a waiver of any subsequent breach thereof.

6.6 Upon acceptance or approval by City, all deliverables prepared or assembled by P3Works under this Agreement, and any other related documents or items shall be delivered to City, in hard copy and digital format for City use only. All digital data which contains algorithms, formulas, methodologies, and related content provided to the City by P3Works shall remain the property of P3Works, and is provided as backup documentation to the deliverables, but shall not be released in digital format to any third-parties due to the proprietary nature of the intellectual data.

6.7 The City acknowledges P3Works’ ownership of its software, programs, inventions, know-how, trade secrets, confidential knowledge, source code, or other proprietary information relating to products, processes, services, software, formulas, developmental or experimental work, business plans, financial information, or other subject matter (“Confidential Information”) pertaining to the business of P3Works. This Agreement shall not in any way give rise to any requirement or obligation for P3Works to disclose or release any Confidential Information. “Confidential Information” means all information that meets one or more of the following three conditions: (i) it has not been made available generally to the public either by P3Works, or by a third party with P3Works’ consent, (ii) it is useful or of value to the P3Works’s current or anticipated business or research and development activities, or those of a customer or supplier of P3Works, or (iii) it either has been identified as confidential to the City by P3Works (orally or in writing) or it has been maintained as confidential from outside parties and is recognized as intended for internal disclosure only. Confidential Information may include without limitation, technical, engineering, scientific, financial and commercial information, designs, inventions, copyright material, know-how, ideas, studies, findings, conclusions, data, samples, drawings, plans, charts, graphs, financial models, photographs, reports, letters, specifications, manuals, tables, formulae, formulations, spreadsheets, processes, operating and testing procedures, customer lists and pricing information. All records, reports, and other documents prepared by P3Works for the purposes of providing the services described in this Agreement shall be the property of the City. All such documents shall be made available to the City during the course of performance of this Agreement. Any reports, studies, photographs, negatives, or other documents or drawings prepared by P3Works in the performance of its obligations under this Agreement shall be the exclusive property of the City and all such materials shall be remitted to the City by P3Works upon completion, termination, or cancellation of this Agreement.

6.8 No deliverables or other information (including information given by City to P3Works to assist P3Works' performance under this Agreement) developed by, given to, prepared by or assembled under this Agreement shall be disclosed or made available to any third-party individual or organization that is not engaged to work on this project on behalf of the City by P3Works without the express prior written approval of the City.

6.9 The headings and article titles of this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part hereof.

6.10 Should either party commence any legal action or proceeding against the other based upon this Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees and costs.

6.11 All notices, requests, demands, and other communications which are required to be given under this Agreement shall be in writing and shall be deemed to have been duly given upon the delivery by registered or certified mail, return receipt requested, postage prepaid thereon, as follows:

To P3Works:

Mary V. Petty
President and Founder
P3Works, LLC
9284 Huntington Square
North Richland Hills, Texas 76182

To City:

Joseph Resendez
City Manager
City of Lockhart
308 W San Antonio St.
Lockhart, Texas 78644

6.12 The parties hereby warrant that the persons executing this Agreement are authorized to execute this Agreement and are authorized to obligate the respective parties to perform this Agreement. A facsimile signature on this Agreement shall be treated for all purposes as an original signature.

6.13 By executing this Agreement, P3Works verifies it (i) does not boycott Israel (in accordance with Chapter 2272 of the Texas Government Code) and will not during the term of this Agreement, (ii) does not engage in business with Iran, Sudan or any company on the list referenced in Section 2252.152 of the Texas Government Code; (iii) does not boycott energy companies and will not during the term of this Agreement per Section 2274.002 of the Texas Government Code; and (iv) does not have a practice, policy, guidance or directive in this Agreement against a firearm entity or firearm trade association and will not during the term of this Agreement.

6.14 Counterparts. This Contract may be executed in two or more counterparts (including fax, email or electronic PDF counterparts), each of which shall be deemed an original and all of which together shall constitute one instrument.

6.15 Sovereign Immunity. The Parties agree neither the execution of this Agreement by the City nor another conduct, action or inaction of any City representative relating to the Agreement constitutes a waiver of sovereign immunity by the City.

Executed on this _____ day of _____,
2026:

P3Works, LLC

BY: Mary V. Petty
President and Founder

City of Lockhart

BY: _____

Joseph Resendez
City Manager

[Remainder of page intentionally left blank]

EXHIBIT A
PUBLIC IMPROVEMENT DISTRICT SERVICES TO BE PROVIDED

PID FORMATION, SERVICE AND ASSESSMENT PLAN PREPARATION, AND BOND ISSUANCE SUPPORT SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

**P3Works' hourly rates may be adjusted from time to time to reflect increased costs of labor and/or adding/reclassifying titles. P3Works shall give notice of such adjustment at least (60) days in advance of the effective date of adjustment. Travel times will be billed at hourly rates.*

District Due Diligence and Preparation of PID Plan of Finance

1. P3Works will review project information and in conjunction with the City's Financial Advisor review a plan of finance for the proposed transaction, including:
2. Assessed value schedules, value to lien analysis, and overall structuring to achieve City goals and objectives,
3. Identify areas of risk and with the City's Financial Advisor and solutions to mitigate the risks,
4. Bond sizing and bond phasing by improvement area,
5. Sources and uses of funds by improvement area,
6. Debt service schedules, and,
7. Assessment allocation and associated estimated annual installment by lot type for each improvement area.

Preparation of Service and Assessment Plan

1. P3Works will prepare a complete and final Service and Assessment Plan to be adopted by City Council and included in the Official Statement for the Bonds based on the Plan of Finance.
2. P3Works will present the Service and Assessment Plan to City Council and request approval of the Assessment Roll.

Bond Issuance Support

1. P3Works will ensure bond documents, including the PID financing agreement, bond indenture, and official statement are all consistent with the Service and Assessment Plan.
2. P3Works will provide ad-hoc analysis as requested by the underwriter in preparation of the preliminary official statement.

Participation in Presentations to City Council or other Public Forums

1. P3Works will prepare and present information as requested to the City Council or any other

public forum.

BASIC DISTRICT ADMINISTRATION SERVICES

MONTHLY COLLECTION FEES WILL BEGIN ONCE ASSESSMENTS ARE LEVIED

If no bonds are sold:

Monthly Fee = \$1,500 beginning the first of the month following levy of assessments for the District for the first improvement area; and \$1,000 per month for each improvement area thereafter. (Proration will occur for any partial month if not begun on the 1st day of the month.)

If bonds are sold:

Monthly Fee amounts will be \$2,500 for the first improvement area beginning the first month following the issuance of bonds; and \$1,250 per month for each improvement area thereafter.

For PIDs that P3Works did not create: Monthly Collection Fees will not begin until the first Annual SAP Update is drafted by P3Works and approved by Council, therefore all work completed to that point will be billed hourly.

See Section below related to “Consulting Services Relating to Future Improvement Areas and related Bond Issuance” for hourly fees if bonds are contemplated.

Prepare Annual Service and Assessment Plan Update

1. If possible, obtain updated construction cost estimates (or actual costs for completed facilities) for District improvements, and update Service and Assessment Plan text and tables.
2. Update service and assessment plan text and tables as necessary to account for any changes in development plan or land uses.
3. Update annual District assessment roll.
4. Identify parcel subdivisions, conveyance to owners’ associations, changes in land use, and any other information relevant to the levy of special assessments.
5. Review maps of tax parcels to compile/audit list of parcels that are within the District for the upcoming bond year. Classify each parcel pursuant to the approved Service and Assessment Plan.
6. Identify any parcels dedicated to any property types classified as exempt by the service and assessment plan.
7. Update District database with newly subdivided parcels and property type classifications.
8. Calculate annual special assessment for each parcel. Verify the sum of annual installments for all parcels in the District is sufficient to meet the annual debt service requirement, administration expenses, and any provisions for delinquency or prepayment reserves.
9. Calculate other funds available, such as reserve fund income, capitalized interest, and interest income. Reduce annual assessment based on findings according to approved service and assessment plan.
10. Present preliminary annual assessment roll to City. Upon approval by City, submit final annual assessment roll to County Tax Collector.

Administration of Bond Funds (if bonds are sold)

1. Review and summarize the account statements for the funds maintained by the trustee. Ensure annual special assessment calculation is compliant with Indenture as it relates to each

- fund.
2. Provide annual summary of all District accounts maintained by Trustee at the time the annual service and assessment plan update is performed.

Provide Public Information Request Support

1. If requested, P3Works will respond to any calls and or emails relating to the District. P3Works will only provide technical answers relating to the annual assessments or the District generally. P3Works will not provide any commentary on City policy relating to PIDs.
2. If the City receives a notice from a property owner alleging an error in the calculation of any matters related to the annual assessment roll for the District, P3Works will review and provide a written response to the City. If a calculation error occurred, P3Works will take corrective action as required to correct the error.

Delinquency Management

1. After the end of the annual assessment installment collection period, P3Works will prepare a delinquent special assessment report, which details which parcels are delinquent and the amount of delinquency.
2. P3Works will notify the City what action must be taken relating to delinquent parcels, if any, to remain in compliance with the District bond documents.

Website Setup

1. Prepare website database searchable by property tax ID for use by property owners, title companies, mortgage companies, or other interested parties. The search results will provide assessment information, including outstanding principal, annual installment amount, payment information, and a breakdown of the assessment installment by use (principal, interest, reserve fund accounts, administrations, etc.)
2. Prepare "District Information" page for website. Information will include a background of the District formation and bond issuance process, District boundary map, and description of improvements. In addition, P3Works will provide a link to District documents.

DISTRICT ADMINISTRATION SETUP SERVICES (Required for any existing PID not created by P3Works.)

\$10,000 One Time Lump Sum Fee

1. P3Works will review the full bond transcript and identify all requirements of the City relating to District administration and/or disclosure requirements.
2. Prepare written summary of all City administration and disclosure requirements.
3. Prepare calendar of all relevant dates and deadlines for District administration and disclosure requirements.
4. Meet with County Assessor's office to establish procedure for obtaining parcel information for assessment roll.
5. Meet with County Tax Office to establish procedure to include District assessment roll on property tax bill.

6. Meet with City representatives to finalize policies and procedures relating to District Administration.

ADDITIONAL DISTRICT ADMINISTRATION SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

**P3Works' hourly rates may be adjusted from time to time to reflect increased costs of labor and/or adding/reclassifying titles. P3Works shall give notice of such adjustment at least (60) days in advance of the effective date of adjustment. Travel will be billed at the hourly rates.*

Continuing Disclosure Services

1. P3Works will prepare the form of the annual report as required by the continuing disclosure agreements and work with the City and the Developer to complete.
2. P3Works will request from developer the reports due pursuant to the developer disclosure agreement and disseminate these reports pursuant to the disclosure agreement, including Seller's Disclosures.
3. Upon notification by any responsible party, or if P3Works independently becomes aware of such knowledge, P3Works will prepare notices of material events covering the events enumerated in the disclosure agreements.
4. P3Works will coordinate with the Trustee or the City's dissemination agent to disseminate the annual reports, quarterly reports from the developer, and notice of significant events to the Municipal Securities Rulemaking Board (MSRB) and any other parties required in the continuing disclosure agreement.

Developer Payment Request Administration

1. P3Works will review all developer payment requests to ensure the request complies with the PID Financing Agreement, the District service and assessment plan, and any other relevant provisions contained in the District documents.
2. P3Works will audit the developer payment request to ensure there is proper backup documentation and that the accounting is accurate.
3. P3Works will coordinate with the City's designated representative to ensure the improvements were built to the standards of the accepting governing body.
4. P3Works will ensure improvements to be dedicated are free and clear of all liens and encumbrances.

Consulting Services Relating to Future Improvement Areas and related Bond Issuance (to be paid from Developer funds advanced to City)

1. P3Works will update the Service and Assessment Plan to comply with Bond documents.

2. P3Works will prepare an updated Assessment Roll including the future Improvement Area.
3. P3Works will coordinate with City's bond counsel, financial advisor, and the bond underwriter to ensure the Bonds and all related documents are in compliance with State Law.
4. P3Works will prepare any additional reports or analyses as needed to successfully issue the Bonds.

Development Agreement Review Specific to the PID/TIRZ Boundary

1. Participate in meetings or calls at City Manager's, or his/her designee's, direction.
2. Review and comment on Development Agreement drafts.
3. Prepare Ad hoc analysis as requested.

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EXHIBIT B
TAX INCREMENT REINVESTMENT ZONE SERVICES TO BE PROVIDED
TIRZ FORMATION, PRELIMINARY AND FINAL PROJECT AND FINANCE PLAN
PREPARATION SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

**P3Works' hourly rates may be adjusted from time to time to reflect increased costs of labor and/or adding/reclassifying titles. P3Works shall give notice of such adjustment at least (60) days in advance of the effective date of adjustment. Travel times will be billed at hourly rates.*

Zone Due Diligence and Preparation of TIRZ Project and Finance Plan

1. P3Works will review project information and prepare a Preliminary Plan for the proposed creation, including:
 - a) Assessed value schedules and overall structuring to achieve City goals and objectives.
 - b) Drafting the TIRZ Agreement.
 - c) At the direction of Staff, facilitate presentations to the Council and the TIRZ Board.
2. Evaluate annual TIRZ Credit by lot type for each improvement area.

Preparation of Preliminary and Final Project Plan

1. P3Works will prepare a Preliminary Project and Finance Plan ("PPFP") and a Final Project and Finance Plan ("FPFP") to be adopted by the TIRZ Board and the City Council and included in the Official Statement for the PID Bonds based on the Plan of Finance.
2. P3Works will prepare a draft TIRZ Agreement to be adopted by the TIRZ Board
3. P3Works will present the PPFP to the Council at the creation of the TIRZ and request approval of TIRZ Creation Ordinance.
4. P3Works will present the FPFP to the Council after conducting all necessary steps for public hearings and notifications and request approval of TIRZ FPFP.
5. P3Works will file the necessary creation forms with the Secretary of the State of Texas after the creation of the TIRZ.

Bond Issuance Support

1. P3Works will ensure bond documents, including the bond indenture and official statement are all consistent with the TIRZ Final Plan.
2. P3Works will provide ad-hoc analysis as requested by the underwriter in preparation of the preliminary official statement.

Participation in Presentations to City Council or other Public Forums

1. P3Works will prepare and present information as requested to the City Council or any other

- public forum.
2. If requested by the City, P3Works will respond to any calls and or emails relating to the TIRZ.
3. P3Works will only provide technical answers relating to the annual TIRZ Credit or the TIRZ generally.
4. P3Works will not provide any commentary on City policy relating to TIRZs.

BASIC DISTRICT/ZONE ADMINISTRATION SERVICES

Billed at P3Works' prevailing hourly rates, which are currently as follows:

<i>Title</i>	<i>Hourly Rate</i>
<i>Executive/Regional Manager</i>	<i>\$250</i>
<i>Project Manager</i>	<i>\$210</i>
<i>Senior Analyst</i>	<i>\$185</i>
<i>Analyst II</i>	<i>\$160</i>
<i>Analyst</i>	<i>\$135</i>
<i>Administrative</i>	<i>\$100</i>

Preparation of the Annual Report to be filed with the Secretary of State and then presented to the PID/TIRZ Board and City Council for approval.

See Section below related to "Consulting Services Relating to Future Improvement Areas and related Bond Issuance" for hourly fees if future PID/TIRZ changes are contemplated.

Consulting Services Relating to Future Improvement Areas and related Bond Issuance (to be paid from Developer funds advanced to City)

1. P3Works will coordinate with City's bond counsel, financial advisor, and the bond underwriter to ensure the Bonds and all related documents are in compliance with State Law.
2. P3Works will prepare any additional reports or analyses as needed to successfully issue the Bonds.

Prepare Annual Report

1. If possible, obtain updated construction cost estimates (or actual costs for completed facilities) for PID/TIRZ improvements.
2. Update Annual Report as necessary to account for any changes in development plan or land uses.
3. Identify parcel subdivisions, conveyance to owners' associations, changes in land use, and any other information relevant to anticipated estimate of Tax Increment to be generated.
4. Calculate annual PID/TIRZ Credit for each parcel.
5. Present preliminary Annual Report to PID/TIRZ Board. Upon approval by PID/TIRZ Board, submit final Annual Report to the Texas Secretary of State.

EXHIBIT C
IRMA EXEMPTION LETTER



P3Works, LLC.
9284 Huntington Sq.
North Richland Hills,
Texas 76182

Mary V. Petty
President and Founder
817.393.0353 Phone
Contracts@P3-Works.com

[Date]

City Manager: Joseph Resendez
308 W. San Antonio St.
Lockhart, TX 78644

RE: IRMA Exemption/Acceptance Letter

To Whom It May Concern:

We have received your written representation, dated _____, 20__, that the City of _____ (the "City") has engaged and is represented by _____, an independent registered Municipal Advisor ("IRMA"). In accordance with Section 15Ba1-1(d)(3)(vi) of the Securities Exchange Act of 1934 ("Securities Exchange Act"), we understand and intend for the City to rely on IRMA's advice in evaluating recommendations brought forward by P3Works, LLC that constitute "advice" as defined in the Securities Exchange Act ("IRMA Exemption").

Furthermore, P3Works, LLC has conducted reasonable due diligence and is confirming that to the best of our knowledge, the IRMA is independent from P3Works, LLC, that P3Works, LLC is not a municipal advisor and is not subject to the fiduciary duty to municipal entities that the Security and Exchange Act imposes on municipal advisors, and that P3Works, LLC has a reasonable basis for relying on the IRMA Exemption. We will advise you, in writing, if we become aware of any changes.

P3Works, LLC provides PID Administration as consult services to Cities and Counties.

As required by the relevant sections of the Securities Exchange Act regarding Municipal Advisors, we are informing your identified IRMA of these facts.

Mary V. Petty
President and Founder
P3Works, LLC

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action approving Resolution No. 2026-12 authorizing an economic development agreement with Gloria Group Partners, LP

ORIGINATING DEPARTMENT AND CONTACT: Economic Development - Holly Malish

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: Gloria Group Partners (AKA Hugo at the Masur) recently bought and restored the building at 119 W. San Antonio Street. First and third floors are open and intended to be used for meetings, forums, and music events. The second floor has been converted into Class A office space and is fully leased. The owner approached the EDC for reimbursement costs for necessary building improvements.

The 2023 Targeted Business Refresh Strategy highlighted the poor effort in providing Class A office space in 2020 with little improvement shown in 2023 and this addition helps to advance the goal. Additionally, quality of life was identified as the second most important factor in site selection based on *Area Development Magazine's* Corporate Survey making the target of contributing to tourism/hospitality a valuable part of Lockhart's economic development strategy.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION: Lockhart EDC Board approved and recommended approval by City Council on February 9, 2026.

STAFF RECOMMENDATION/REQUESTED MOTION: Staff recommends approval of Resolution No. 2026-12

LIST OF SUPPORTING DOCUMENTS: City Council RESOLUTION No 2026-12 Gloria Group

City of Lockhart, Texas

Council Agenda Item Cover Sheet

Partners, RESOLUTION No 2026-01 Gloria Group Partners, Gloria Group Partners Incentive Agreement 02.09.26

RESOLUTION NO. 2026-12

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF LOCKHART APPROVING AN ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH GLORIA GROUP PARTNERS, LP; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council for the City of Lockhart (the “City Council”), seeks to approve an economic development corporation agreement created under Chapters 501–505 of the Texas Local Government Code, as authorized to use Type B sales tax revenue to promote new and expanded business enterprises and to enter into performance-based incentive agreements; and

WHEREAS, Section 501.158 of the Texas Local Government Code requires performance agreements to include, at minimum, commitments for job creation/retention, payroll, capital investment, and recapture provisions; and

WHEREAS, Gloria Group Partners, LP (the “Company”) has acquired and improved property located at 119 W. San Antonio Street, Lockhart, Texas, and has invested not less than \$3,150,000 in building improvements and upgrades and will create or maintain at least 25 full time jobs; and

WHEREAS, the Company’s redevelopment of the property will support expanded business enterprise, enhance tourism, increase employment opportunities, and contribute to increased real property value and economic activity within the City of Lockhart; and

WHEREAS, the City Council desires to provide a performance-based Infrastructure Rebate not to exceed \$200,000, payable upon the Company’s submission of receipts, proof of payment for qualified improvements, successful maintenance of required jobs, payroll, and valuation levels as detailed in the performance table contained in the Agreement; and

WHEREAS, the Company agrees to comply with all terms, conditions, reporting requirements, and recapture obligations as set forth in the Economic Development Performance Agreement (“Agreement”) attached hereto as Exhibit A and incorporated by reference; and

WHEREAS, the Lockhart Economic Development Corporation (the “LEDC”) Board of Directors recommends approval of the project for it meets all statutory requirements of the Development Corporation Act, serves a valid public purpose, aligns with the Lockhart 2023 Targeted Business Strategy Refresh Plan, and will result in positive economic benefit to the community; and

WHEREAS, the City Council desires to formally approve the Agreement and authorize the President of the LEDC to execute all documents necessary to carry out the intent of this Resolution.

NOW, THEREFORE, BEIT RESOLVED BY CITY COUNCIL FOR THE CITY OF LOCKHART THAT:

Section 1. All of the above premises are hereby found to true and correct legislative findings of the City Council of the City of Lockhart and are hereby adopted and incorporated in the body of this Resolution for all purposes

Section 2. The President of the LEDC is authorized to execute the Agreement, including any exhibits, certifications, reports, and supporting documents necessary to implement the incentives therein.

Section 3. The Executive Director of the LEDC is further authorized to administer and oversee the Agreement, monitor compliance, process rebate payments, and enforce recapture provisions as required.

Section 4. This Resolution shall take effect immediately upon its passage.

PASSED AND APPROVED on this 17th day of February, 2026.

CITY OF LOCKHART

Lew White
Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Bowermon
City Secretary

Brad Bullock
City Attorney

RESOLUTION NO. 2026-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LOCKHART ECONOMIC DEVELOPMENT CORPORATION APPROVING AN ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT WITH GLORIA GROUP PARTNERS, LP, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE ALL DOCUMENTS RELATED THEREWITH.

WHEREAS, the Lockhart Economic Development Corporation (“LEDC”), a Type B economic development corporation created under Chapters 501–505 of the Texas Local Government Code, is authorized to use Type B sales tax revenue to promote new and expanded business enterprises and to enter into performance-based incentive agreements; and

WHEREAS, Section 501.158 of the Texas Local Government Code requires performance agreements to include, at minimum, commitments for job creation/retention, payroll, capital investment, and recapture provisions; and

WHEREAS, Gloria Group Partners, LP (the “Company”) has acquired and improved property located at 119 W. San Antonio Street, Lockhart, Texas, and has invested not less than \$3,150,000 in building improvements and upgrades and will create or maintain at least 25 full time jobs; and

WHEREAS, the Company’s redevelopment of the property will support expanded business enterprise, enhance tourism, increase employment opportunities, and contribute to increased real property value and economic activity within the City of Lockhart; and

WHEREAS, the LEDC desires to provide a performance-based Infrastructure Rebate not to exceed \$200,000, payable upon the Company’s submission of receipts, proof of payment for qualified improvements, and successful maintenance of required jobs, payroll, and valuation levels as detailed in the performance table contained in the Agreement; and

WHEREAS, the Company agrees to comply with all terms, conditions, reporting requirements, and recapture obligations as set forth in the Economic Development Performance Agreement (“Agreement”); and

WHEREAS, the LEDC Board of Directors finds that the Agreement meets all statutory requirements of the Development Corporation Act, serves a valid public purpose, aligns with the Lockhart 2023 Targeted Business Strategy Refresh Plan, and will result in positive economic benefit to the community; and

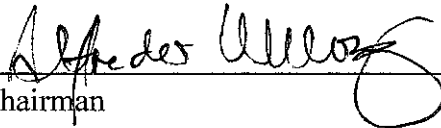
WHEREAS, the LEDC Board of Directors desires to formally approve the Agreement and authorize the Executive Director to execute all documents necessary to carry out the intent of this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOCKHART ECONOMIC DEVELOPMENT CORPORATION THAT:

1. The LEDC Board hereby approves the Economic Development Performance Agreement between the LEDC and Gloria Group Partners, LP, substantially in the form presented to the Board.
2. The Executive Director is authorized to execute the Agreement, including any exhibits, certifications, reports, and supporting documents necessary to implement the incentives therein.
3. The Executive Director is further authorized to administer and oversee the Agreement, monitor compliance, process rebate payments, and enforce recapture provisions as required.
4. This Resolution shall take effect immediately upon its passage.

PASSED AND APPROVED on this 9th day of February, 2026.

LOCKHART ECONOMIC DEVELOPMENT CORPORATION


Chairman

Attest:

Approved as to form:


Executive Director

LEDC Board Attorney

ECONOMIC DEVELOPMENT PERFORMANCE AGREEMENT
Gloria Group Partners, LP

This Economic Development Performance Agreement (the "Agreement") is entered into by and between the Lockhart Economic Development Corporation, a Type-B economic development corporation ("LEDC"), and Gloria Group Partners, a Texas limited partnership ("Company"), and is entered into effective as of the last date signed by the parties hereto ("Effective Date"). Company and LEDC may be referred collectively as the "Parties" and sometimes individually referred to as a "Party."

RECITALS

WHEREAS, the Development Corporation Act of 1979, as amended (Section 501.001 et seq, Texas Local Government Code, formerly the Development Corporation Act of 1979) (the "Act") authorizes a development corporation to fund certain projects as defined by the Act and requires development corporations to enter into performance agreements to establish and provide for the direct incentive or make an expenditure on behalf of a business enterprise under a project; and

WHEREAS, Section 501.158 of the Act requires a performance agreement to provide at a minimum for a schedule of additional payroll or jobs to be created or retained and capital investment to be made as consideration for any direct incentives provided or expenditures made by the corporation under the agreement and to specify the terms under which repayment must be made if the business enterprise does not meet the performance requirements specified in the agreement; and

WHEREAS, the LEDC Board finds that the Project as herein described and carried out is an "Authorized Project" as that term is defined in Chapter 505.158 of the Texas Local Government Code, as amended; and that it will promote new or expanded business development in the City; and

WHEREAS, Company desires to upgrade their facility, located at 119 W. San Antonio St, Lockhart, Texas 78644 (the "Property") at an estimated investment of THREE MILLION AND ONE HUNDRED AND FIFTY THOUSAND DOLLARS (\$3,150,000.00) for on-site building improvements and upgrades and which is expected to create and/or retain 25 jobs (the "Project"); and

WHEREAS, the LEDC wishes to provide the Company with an economic incentive to encourage the Company success of the Project, and the Company wishes to accept such economic incentive on the terms and conditions set forth in this Agreement; and

WHEREAS, Company acknowledges and agrees that the LEDC, in granting this economic incentive to the Company, is relying upon Company's representations, warranties, and agreements, as set forth and provided for in this Agreement, and the LEDC's tender of the economic incentive contemplated by this Agreement is contingent upon the Company agreeing to repay, in full, the economic incentives the Company

receives from the LEDC pursuant to the terms hereunder in the event of the Company's uncured breach of its obligations hereunder; and

WHEREAS, the commitments contained in this Agreement shall become legally binding obligations enforceable against the Parties upon the Parties approving and executing this Agreement subject to the approval of the City Council of Lockhart, Texas.

WHEREAS, LEDC intends to provide an infrastructure rebate not to exceed TWO HUNDRED THOUSAND DOLLARS (\$200,000), upon providing copies of receipts, and providing proof of payment for completion of building upgrades; and

WHEREAS, the LEDC desires to offer incentives to Company to enable Company to increase real and business personal property, workforce and drive tourism pursuant to this Agreement in substantial conformity with Lockhart 2023 Targeted Business Strategy Refresh Plan and the Act; and

NOW, THEREFORE, in consideration of the mutual covenants, benefits and agreements described and contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and further described herein, the Parties agree as follows:

ARTICLE 1 RECITALS

The recitals set forth above are declared true and correct by the Parties and are hereby incorporated as part of this Agreement.

ARTICLE II AUTHORITY AND TERM

1. Authority. The LEDC's execution of this Agreement is authorized by the Act and constitutes a valid and binding obligation of the LEDC. The LEDC acknowledges that Company is acting in reliance upon the LEDC's performance of its obligations under this Agreement in making the decision to commit substantial and money to the establishment of the Project, hereinafter established.

2. Term. This Agreement shall become enforceable upon the Effective Date, hereinafter established, and shall continue until the Expiration Date, hereinafter established, unless terminated sooner or extended by mutual agreement of the Parties in the manner provided for herein.

3. Purpose. The purpose of this Agreement is to formalize the agreements between Company and the LEDC for the payment of certain incentive funds to assist with costs associated with the Project and specifically state covenants, representations of the Parties, and the incentives associated with Company's commitment to abide by the provisions

of the Act and to abide by the terms of this Agreement which has been approved by the LEDC and Company as complying with the specific requirements of the Act. It is expressly agreed that this Agreement constitutes a single transaction. A failure to perform any obligation by Company may constitute a breach of the entire Agreement and terminate any further commitments (if any) by the LEDC unless an alternative penalty or remedy is provided for herein.

4. Administration of Agreement. Upon the Effective Date, the LEDC delegates the administration and oversight of this Agreement to the Director of the LEDC. Any proposed amendments to the Agreement shall require the approval of the Board of Directors of the LEDC.

ARTICLE III DEFINITIONS

As used in this Agreement, the following terms shall have the meanings ascribed below. All undefined terms shall retain their usual and customary meaning as by common and ordinary usage.

"Bankruptcy" shall mean the dissolution or termination of a Party's existence as a going business, insolvency, appointment of receiver for any party of such Party's property and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against such party and such proceeding is not dismissed within ninety (90) days after the filing thereof.

"Default" shall mean failure by any Party to timely and substantially comply with any performance requirement, duty, or covenant if uncured within sixty (60) days of receiving written notice from any other Party.

"Effective Date" shall be the date of the last signature authorizing this agreement.

"Expiration Date" shall mean January 1, 2030.

"Facility" shall mean the building and site improvements located at 119 W. San Antonio St, Lockhart TX 78644.

"Infrastructure Rebate" shall mean a rebate on invoices provided for construction and installation of infrastructure, finish-out improvements, upgrades, and fixtures not to exceed TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000).

"Investment Amount" means the aggregate of all costs and expenses incurred or expended by Company in connection with its acquisition, development, and improvement of the Property, including, without limitation, all design costs, hard and soft costs of construction, costs of equipment and fixtures for the operation of the Facility, leasing costs, financing costs, and permit fees.

"Project Expenses" shall mean all costs and expenses incurred by Company in connection with the Project.

"State of Texas" shall mean the Office of the Texas Comptroller, or its successor.

ARTICLE IV ECONOMIC DEVELOPMENT TERMS AND CONDITIONS

1. Infrastructure Rebate. Subject to the satisfaction of all the terms and conditions of this Agreement and the obligation of Company to repay the rebate pursuant to Article V hereof, the LEDC agrees to provide Company with an Infrastructure Rebate not to exceed TWO HUNDRED THOUSAND DOLLARS AND NO/100 DOLLARS (\$200,000.00). The rebate shall be paid to Company within sixty (60) days after receipt by the LEDC Director of receipts and proof of payment of all Project and must maintain the minimum jobs criteria and minimum real and business personal property outlined in the Performance Table (below) for the duration of the Agreement.

Performance Table

Period Ending Dec 31	Full-Time Employees	Total Payroll	Minimum Real and Business Personal Property	Certification Date
Year 1 - 2026	5	\$100,000	\$1,500,000	15-APR-27
Year 2 - 2027	10	\$200,000	\$1,500,000	15-APR-28
Year 3 - 2028	15	\$300,000	\$1,500,000	15-APR-29
Year 4 - 2029	20	\$400,000	\$1,500,000	15-APR-30
Year 5 - 2030	25	\$500,000	\$1,500,000	15-APR-31

2. Current Revenue. The funds distributed hereunder shall be paid solely from lawfully available funds to the LEDC. Under no circumstances shall the obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. None of the obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution.

3. Confidentiality. The LEDC, to the extent allowed by law, shall keep all tax information and documentation received, pursuant to this Agreement hereof, confidential. In the event a request is made for such information pursuant to the Texas Public Information Act, LEDC will not disclose the information unless required to do so by the Attorney General of Texas under the provisions of the applicable statutes.

4. Conditions Precedent. The obligation of the LEDC to pay funds in the form of an Infrastructure Rebate shall be conditioned upon Company successfully obtaining a

Certificate of Occupancy and providing to the LEDC of receipts and proof of payment of all Project Expenses incurred by Company.

5. Annual Report. The Company shall submit an Annual Report (an "Annual Report") for the preceding Calendar Year to the Executive Director of the LEDC each year not later than April 15th each year. The Annual Report should substantially conform to the Annual Report Form attached as Exhibit A to this Agreement along with a copy of IRS Form 941. The first Annual Report will be due April 1, 2027.

ARTICLE V COVENANTS AND DUTIES

1. Company's Covenants and Duties. Company makes the following covenants and warranties to the LEDC and agrees to timely and fully perform the obligations and duties contained in Article IV of this Agreement. Any false or substantially misleading statements contained herein or failure to timely and fully perform those obligations and duties within this Agreement shall be an act of Default by the Company.

(a) Company is authorized to do business and is in good standing in the State of Texas and shall remain in good standing in the State of Texas and the United States of America during any time of this Agreement and shall timely and fully comply with all of the terms and conditions of this Agreement to commence and complete the Project in accordance with the Agreement.

(b) The execution of this Agreement has been duly authorized by Company's authorized agent, and the individual signing this Agreement is empowered to execute such Agreement and bind the Company. Said authorization, signing, and binding effect is not in contravention of any law, rule, regulation, or of the provisions of Company's by-laws, or of any agreement or instrument to which Company is a party to or by which it may be bound.

(c) Company is not a party to any Bankruptcy proceedings currently pending or contemplated, and Company has not been informed of any potential involuntary Bankruptcy proceedings.

(d) To its current, actual knowledge, and subject to Company's receipt of the Certificate of Occupancy (or other approvals and permits to be obtained under subpart (f) immediately below), Company has acquired and maintained all necessary rights, licenses, permits, and authority to carry on its business in the City and will continue to use commercially reasonable efforts to maintain all necessary rights, licenses, permits, and authority.

(e) Company agrees to obtain or cause to be obtained, all necessary permits and approvals from the City and/or all other governmental agencies having jurisdiction over the construction of any improvements to the Facility and shall be responsible for paying, or causing to be paid, to the City and all other governmental agencies the cost of all applicable permit fees and licenses required for construction of the Project.

(f) Company shall cooperate with the LEDC in providing all necessary information and documentation to assist the LEDC in its determination that Company is in compliance with this Agreement.

(g) During the term of this Agreement, Company agrees to not knowingly employ any undocumented workers as part of the Project, and, if convicted of a violation under 8 U.S.C. Section 1324a, Company shall be in Default and subject to the remedies set forth in this Agreement. Company is not liable for an unknown violation of this Section by a subsidiary, affiliate, or franchisee of Company or by a person with whom Company contracts provided however that identical federal law requirements provided for herein shall be included as part of any agreement or contract which Company enters into with any subsidiary, assignee, affiliate, or franchisee for which the Infrastructure Rebate provided herein will be used.

(h) Maintain and prepare financial statements in accordance with sound accounting principles and permit the LEDC to visit, examine, audit, inspect, and make and take away copies or reproductions of Company's book of accounts and other records at mutually agreed upon times (provided, the LEDC shall pay the reasonable fees and disbursements of any accountants or other agents of the LEDC, selected by the LEDC, for the foregoing purposes). Unless written notice of another location is given to the LEDC, Company's books and records will be located 119 W. San Antonio St, Lockhart, Texas 78644.

2. LEDC's Covenants and Duties. The LEDC is obligated to pay Company an Infrastructure Rebate equal to TWO HUNDRED THOUSAND DOLLAR AND NO/100 DOLLARS (\$200,000) upon Company's delivery to the LEDC of receipts and proof of payment of all Project expenses incurred by Company.

3. Substantial Compliance and Default. Failure by any Party to timely and substantially comply with any performance requirement, duty, or covenant (including, without limitation, Company's failure to comply with Section 1(i) of Article V hereof) shall be considered a "Default" under this Agreement if uncured within sixty (60) days of receiving written notice of such failure from any other Party. Failure of Company to timely and substantially cure a default will give the LEDC the right to terminate this Agreement, as reasonably determined by the Board of Directors of the LEDC.

4. Recapture. In the event of Default by the Company, the LEDC shall, as its sole and exclusive remedy for Default hereunder, after providing Company written notice and an opportunity to cure, have the right to recapture all Infrastructure Rebate amounts previously paid to Company under this Agreement (as applicable, the "Recaptured Amount"). The Recaptured Amount shall be paid by Company within one hundred twenty (120) days after the date Company is notified by the LEDC of such Default (the "Payment Date"), provided said Default was not cured. In the event the Recaptured Amount is not repaid by the applicable Payment Date, the unpaid portion thereof shall accrue interest at the rate of two percent (2.00%) per annum from the Effective Date until paid in full. Company's obligation to pay the Recaptured Amount shall survive the termination of this Agreement.

ARTICLE VI TERMINATION

This Agreement shall terminate upon the earliest occurrence of any one or more of the following:

- (a) The written agreement of the Parties;
- (b) The Agreement's Expiration Date as defined in Article III; or
- (c) Default by Company (at the option of the LEDC).

ARTICLE VII DISPUTE RESOLUTION

1. In the event of any controversy or claim arising out of or relating to this Agreement or the breach of this Agreement, the Parties shall attempt in good faith to resolve the same by good faith mediation before a mediator mutually agreed to by the Parties.

2. In the event that the claim or controversy is not settled by mediation or any other alternative dispute resolution method agreed to by the Parties, either Party may file suit in a court of competent jurisdiction sitting in the State of Texas.

ARTICLE VIII MISCELLANEOUS

1. Binding Agreement. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the Parties, and their respective successors and assigns. The Executive Director of the LEDC shall be responsible for the administration of this Agreement and shall have the authority to execute any instruments, duly approved by the LEDC, on behalf of the Parties related thereto. Notwithstanding any other provision of this Agreement to the contrary, performance of either Party under this Agreement is specifically contingent on Company obtaining a Certificate of Occupancy from the City and tenant commencing operations at the Facility under the terms of this Agreement.

2. Mutual Assistance. The Parties will do all things reasonably necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carving out such terms and provisions.

3. Representations and Warranties. The LEDC represents and warrants to Company that this Agreement is within its authority, and that it is duly authorized and empowered to enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Company represents and warrants to the LEDC that it has the requisite authority to enter into this Agreement.

4. Assignment. Company shall not have the right to assign all of its rights, duties, and obligations under this Agreement to a duly qualified third party. Any assignment provided herein shall not serve to enlarge or diminish the obligations and requirements of this Agreement, nor shall they relieve Company of any liability to the LEDC including any

required indemnity in the event that any Assignee hereof shall at any time be in Default of the terms of this Agreement.

5. Notice. Any notice required or permitted to be delivered hereunder shall be deemed delivered by depositing same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses or at such addresses provided by the parties in writing hereafter:

If intended for LEDC: Lockhart Economic Development Corporation
Attention: Executive Dir. of Economic Development
215 E Market Street
Lockhart, TX 78644

With a Copy To: Messer Fort
Attention: Bradford E. Bullock
4201 W. Parmer Lane
Ste C-150
Austin, TX 78644

If to the Company: Gloria Group Partners, LP
Attention: Charlie Tames
PO Box 302634
Austin, TX 78703

Any Party may designate a different address at any time upon written notice to other Parties.

7. Governing Law. The Agreement shall be governed by the laws of the State of Texas, and the venue for any action concerning this Agreement shall be in the Courts of Caldwell County. The Parties agree to submit to the personal and subject matter jurisdiction of said court.

8. Amendment. This Agreement may be amended by mutual written agreement of the Parties, as approved by the Board of Directors of the LEDC.

9. Legal Construction. In the event any one or more of the provisions contained in this Agreement shall, for any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect other provisions of this Agreement.

10. Interpretation. Each of the Parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which Party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, whatever its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any Party.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter covered in this Agreement. There is no other

collateral oral or written agreement between the Parties that, in any manner, relates to the subject matter of this Agreement, except as provided for in any Exhibits attached hereto or duly approved amendments to this Agreement, as approved by the Board of Directors of the LEDC.

12. Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and will in no way enlarge or limit the scope or meaning of the various and several paragraphs.

13. Exhibits. Any Exhibits attached hereto are incorporated by reference for all purposes.

14. Indemnification. **COMPANY AGREES TO DEFEND, INDEMNIFY AND HOLD THE LEDC, ITS OFFICERS, AGENTS SERVANTS AND EMPLOYEES (EACH AN "INDEMNIFIED PARTY"), HARMLESS AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, THOSE FOR PROPERTY DAMAGE OR LOSS AND/OR PERSONAL INJURY, INCLUDING DEATH, THAT MAY ARISE OUT OF OR BE OCCASIONED BY (i) COMPANY'S DEFAULT WITH RESPECT TO ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF COMPANY, ITS OFFICERS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS OR LESSEES, RELATED TO THE PROPERTY, IMPROVEMENTS ON THE PROPERTY, INCLUDING THE PROJECT IMPROVEMENTS AND ANY OPERATIONS AND ACTIVITIES THEREON, OR OTHERWISE TO THE PERFORMANCE OF THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, COMPANY SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY THE LEDC AGAINST CLAIMS CAUSED BY AN INDEMNIFIED PARTY'S NEGLIGENCE OR WILLFUL MISCONDUCT, AND IF THE LEDC INCURS CLAIMS THAT ARE CAUSED BY THE CONCURRENT FAULT OR NEGLIGENCE OF COMPANY AND AN INDEMNIFIED PARTY, THE COMPANY'S INDEMNITY OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL CLAIMS EQUIVALENT TO COMPANY'S OWN PERCENTAGE OF RESPONSIBILITY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.**

TO THE EXTENT ALLOWED BY LAW, THE LEDC HEREBY RELEASES AND AGREES TO HOLD HARMLESS COMPANY, ITS OFFICERS, AGENTS, AFFILIATES AND EMPLOYEES, FROM AND AGAINST ANY AND ALL CLAIMS, LAWSUITS, ACTIONS, COSTS AND EXPENSES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO THOSE FOR PROPERTY DAMAGE OR LOSS AND/OR PERSONAL INJURY, INCLUDING DEATH, THAT MAY RELATE TO, ARISE OUT OF OR BE OCCASIONED BY (i) THE LEDC'S DEFAULT WITH RESPECT TO ANY OF THE TERMS OR PROVISIONS OF THIS AGREEMENT OR (ii) ANY NEGLIGENT ACT OR OMISSION OR INTENTIONAL MISCONDUCT OF THE LEDC, ITS OFFICERS, SERVANTS, AGENTS, ASSOCIATES, EMPLOYEES, CONTRACTORS OR SUBCONTRACTORS, RELATED TO THE PROPERTY, IMPROVEMENTS ON THE PROPERTY, INCLUDING THE PROJECT IMPROVEMENTS, AND ANY OPERATIONS AND ACTIVITIES THEREON, OR

OTHERWISE TO THE PERFORMANCE OF THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING, THE LEDC SHALL NOT, HOWEVER, BE REQUIRED TO INDEMNIFY COMPANY AGAINST CLAIMS CAUSED BY COMPANY'S NEGLIGENCE OR WILLFUL MISCONDUCT, AND IF COMPANY INCURS CLAIMS THAT ARE CAUSED BY THE CONCURRENT FAULT OR NEGLIGENCE OF COMPANY AND THE LEDC, THE LEDC'S OBLIGATION WILL BE LIMITED TO A FRACTION OF THE TOTAL CLAIMS EQUIVALENT TO THE LEDC'S OWN PERCENTAGE OF RESPONSIBILITY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

15. Additional Instruments. The Parties agree and covenant to cooperate, negotiate in good faith, and to execute such other and further instruments and documents as may be reasonably required to fulfill the public purposes provided for and included within this Agreement.

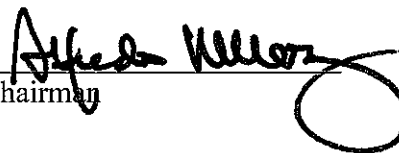
The undersigned parties have executed this Agreement on the dates indicated below.

PASSED, APPROVED and ADOPTED on this 9th day of February 2026, by the Lockhart Economic Development Corporation.

Gloria Group Partners, LP
a Texas limited partnership

Carlos Tames, Manager

LOCKHART ECONOMIC DEVELOPMENT
CORPORATION


Chairman

Attest:


Holly Malish, Executive Director

Approved as to Form:

LEDC Board Attorney

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action regarding Ordinance 2026-04 vacating and abandoning approximately 0.171 acres of unused public right-of-way consisting of an alley approximately 20 feet in width extending westward from the 700 block of South Blanco Street towards the 700 block of South Guadalupe Street.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Ordinance

BACKGROUND/SUMMARY/DISCUSSION: The owners of neighboring properties have petitioned the City to release the alley connecting the 700 blocks of South Guadalupe and South Blanco Streets. The property owners have expressed interest in platting their properties to include their share of the alley area and fencing the property lines to reflect the portions of the property that they would acquire. The alley is not paved, and none of the subject right-of-way has been used for any purpose by the City, and it is not anticipated that it will be needed in the future. If the alley is abandoned, a deed or deeds will be created, through which abutting residents would each obtain half of the right-of-way, to the center of the alley.

PROJECT SCHEDULE (if applicable): Not applicable.

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: None.

COMMITTEE/BOARD/COMMISSION ACTION: None.

STAFF RECOMMENDATION/REQUESTED MOTION: Adopt Ordinance 2026-04, abandoning the 0.171-acre alley connecting the 700 block of South Blanco Street and the 700 block of South Guadalupe Street.

LIST OF SUPPORTING DOCUMENTS: Ordinance 2026-04-700 Block of Blanco Guad Alley, S Guadalupe and S Blanco alley abandonment-Exhibit A, Exhibit B-signed consent letters and petitions

City of Lockhart, Texas

Council Agenda Item Cover Sheet

ORDINANCE NO. 2026-04

AN ORDINANCE OF THE CITY OF LOCKHART, TEXAS ABANDONING A SEGMENT OF AN UNNAMED ALLEY CONNECTING SOUTH BLANCO STREET TO SOUTH GUADALUPE STREET, COVERING 0.171 ACRES WHICH IS MORE PARTICULARLY DESCRIBED AND OR DEPICTED IN EXHIBIT A, WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN FOR ALL PURPOSES; AUTHORIZING THE CITY MANAGER TO EXECUTE A DEED OR DEEDS CONVEYING SAID RIGHT-OF-WAY TO ADJACENT PROPERTY OWNERS; PROVIDING THAT ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith SHALL BE REPEALED TO THE EXTENT OF THE CONFLICT ONLY; PROVIDING A SAVINGS CLAUSE; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING AN OPEN MEETINGS CLAUSE AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City of Lockhart is a home rule municipality; and

WHEREAS, City's Charter, Powers of the city council Section 3.07 (o) provides that the City may exercise exclusive dominion, control and jurisdiction including the right to close and abandon streets and alleys in, upon, over and under the public streets, avenues, sidewalks, alleys, highways, boulevards and public grounds of the city and provide for the improvement of same as provided in V.T.C.A., Transportation Code Ch. 313, as now or hereafter amended.; and

WHEREAS, Texas Transportation Code Section 311.007 provides that a home rule municipality may vacate, abandon, or close a street or alley; and

WHEREAS, the burden of continued maintenance of streets that are not being used exceeds the benefit that would be incurred if the City continued ownership of the streets; and

WHEREAS, the City Council of the City of Lockhart, Texas has determined and finds it is in the public interest that the heretofore described unnamed alleys, as described and/or depicted in Exhibit A, which is attached hereto and incorporated herein for all purposes, should be abandoned, vacated and closed as a public roadway.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LOCKHART, TEXAS:

Section 1: That the legislative findings set forth above are incorporated into the body of this Ordinance as if fully set forth herein.

Section 2: It is in the public interest to vacate, abandon, and close the segment of the 0.171-acre alley between South Blanco Street and South Guadalupe Street as shown on Exhibit A

Section 3: Said segments of the 0.171-acre unnamed alley are hereby vacated, abandoned, and closed.

Section 4: The City Manager is hereby authorized to convey by Deed without warranty all the interest the City has in and to the segment of the 0.171-acre unnamed alley as shown described in Section 2 of this ordinance to the owners of the abutting properties.

Section 5: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict only.

Section 6. The repeal of any ordinance or part of ordinances effectuated by the enactment of this ordinance shall not be construed as abandoning any action now pending under or by virtue of such ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the City under any section or provisions of any ordinances at the time of passage of this ordinance.

Section 7. If any provision, section, sentence, clause, or phrase of this ordinance or application of the same to any person or set of circumstances is for any reason held to be unconstitutional, void, invalid, or unenforceable, the validity of the remaining portions of this ordinance or its application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the Lockhart City Council in adopting, and the Mayor in approving this Ordinance, that no portion thereof or provisions or regulation contained herein shall become inoperative or fall by reason of any unconstitutionally or invalidity of any portion, provision, or regulation.

Section 8. It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

Section 9: That this Ordinance shall become effective from and after its date of passage in accordance with law.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS,
THIS THE 17th DAY OF FEBRUARY, 2026.**

**Lew White, Mayor
City of Lockhart**

ATTEST:

**Julie Bowermon,
City Secretary**

APPROVED AS TO FORM:

Brad Bullock, City Attorney

S GUADALUPE ST AND S BLANCO ST ALLEY ABANDONMENT - EXHIBIT A



CITY OF
Lockhart
TEXAS

This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey, and represents only the approximate relative location of property boundaries.

0 50 100 Feet

Legend

- RIGHT-OF-WAY ABANDONMENT
- PARCEL BOUNDARY

Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

BENNY BRICENO AND GRACIELA DURAN have reviewed the attached Exhibit "A", have no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature: Graciela Duran-Briceño Date: 11/28/2025

Owner Printed name: Graciela Duran-Briceño

Owner Mailing Address: 622 S. Guadalupe St, Lockhart, Tx 78644

Owner Signature: Benito Briceño Date: 11/28/2025

Owner Printed name: Benito Briceño

Owner Mailing Address: 622 S. Guadalupe St., Lockhart, Tx 78644

Property Address: 622 S GUADALUPE STREET

PROPERTY ID 20776

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of November 28th, 2025, by

Jada Silk [Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Jada Silk

Notary's commission expires: 10-27-2027

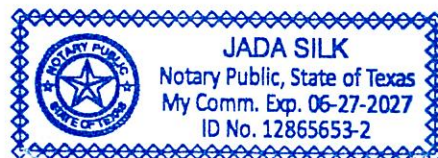


Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

ROBERT L CURRIE JR has reviewed the attached Exhibit "A", has no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature: Robert Currie Date: 12-15-25

Owner Printed name: ROBERT CURRIE

Owner Mailing Address: 617 SOUTH BLANCO

Owner Signature: _____ Date: _____

Owner Printed name: _____

Property Address: 617 SOUTH BLANCO STREET

PROPERTY ID 20772

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of December 15, 2025, by

Yvette Aguado [Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: 9-23-2029

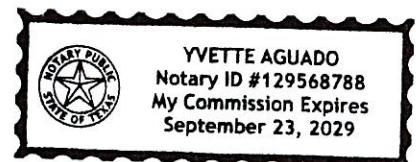


Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

HENRY Z AND PETRA PARRA have reviewed the attached Exhibit "A", have no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature: Petra Parra Date: 12-9-25

Owner Printed name: Petra Parra

Owner Mailing Address: _____

Owner Signature: Henry Parra Date: 12-9-25

Owner Printed name: Henry Parra

Owner Mailing Address: _____

Property Address: 702 SOUTH GUADALUPE STREET

PROPERTY ID 20782

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of December 9, 2025, by

Yvette Aguado

[Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: 9-23-2029

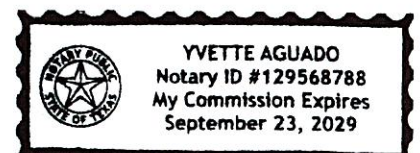
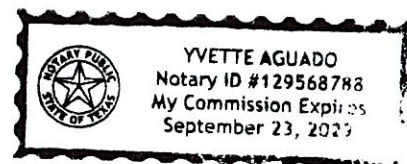


Exhibit B

Current Owner and/or Adjoining Property Owner Abandonment Consent Letter

RUDY AND ARIANA RUIZ FAMILY TRUST (20%) & THREE SIBLINGS TRUST (80%) have reviewed the attached Exhibit "A", have no objection, and hereby consents to the vacation/abandonment of the street and/or alley right-of-way as illustrated on Exhibit A.

THE UNDERSIGNED WILL HOLD THE CITY OF LOCKHART, TEXAS HARMLESS AND INDEMNIFY IT AGAINST ALL SUITS, COSTS, EXPENSES AND DAMAGES THAT MAY ARISE OR ARISE OR GROW OUT OF SUCH ABANDONMENT.

Owner Signature:  Date: 2-3-26
Owner Printed name: Susie Ruiz Trustee - 3 Siblings Trust
Owner Mailing Address: 180 Reagan Drive Kyle TX 78640
Owner Signature:  Date: 2/3/26
Owner Printed name: Rudy Ruiz
Owner Mailing Address: 703 S. Blanco
Owner Signature: _____ Date: _____
Owner Printed name: _____
Owner Mailing Address: _____
Owner Signature: _____ Date: _____
Owner Printed name: _____
Owner Mailing Address: _____
Owner Signature: _____ Date: _____
Owner Printed name: _____
Owner Mailing Address: _____

Property Address: 703 SOUTH BLANCO STREET

PROPERTY ID 20782

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of February 3, 2026, by

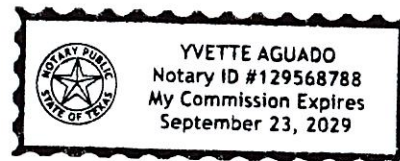
[Signature]

[Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: September 23, 2029



Property Address: 703 SOUTH BLANCO STREET

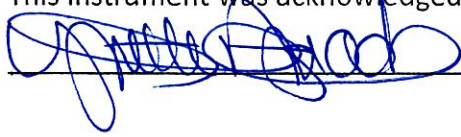
PROPERTY ID 20782

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on this the date of February 3, 2026, by

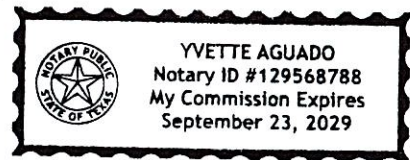


_____[Notary Signature]

Notary Public, State of Texas

Notary's Printed Name: Yvette Aguado

Notary's commission expires: September 23, 2029

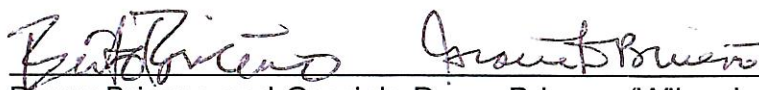


July 18, 2025

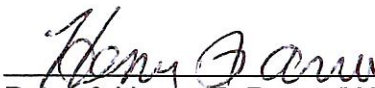
To: City of Lockhart Council

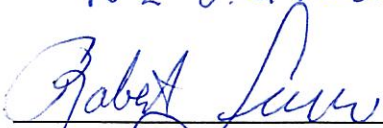
Ref: Ordinance to Vacate Alley between South Blanco Street and South Guadalupe Street, Lockhart, Texas

The following property owners have signed a petition to vacate the alley between South Blanco Street and South Guadalupe Street, Lockhart, Texas.

 Date 11/18/25
Benny Briceno and Graciela Duran-Briceno (Wilson's Addition, Block 1, Lot 6)
622 S. Guadalupe St.

 Date 11/18/25
Rudy Ruiz (Wilson's Addition, Block 2, Lot 1 & North Part of 2)
703 S. Blanco St.

 Date 11/18/25
Petra & Henry Z. Parra (Wilson's Addition, Block 2, Lot 1 and North Part of 2)
702 S. Guadalupe St.

 Date 11/18/25
Robert Currie (Wilson's Addition, Block 1, Lot 3 Part 2).
617 S. Blanco St.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action regarding Resolution 2026-10, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District Area #1.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: This action approves the Preliminary Limited Offering Memorandum ("PLOM") related to the Seawillow Public Improvement District Improvement Area #1 Bonds. The PLOM is the disclosure document that the City's underwriter, FMS Bonds, will use to market the bonds to potential investors. The PLOM has been reviewed by all parties involved in the bond issuance, including the City's Bond Counsel, City Attorney, Financial Advisor and PID Consultant.

PROJECT SCHEDULE (if applicable): None

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: The proposed PLOM for this area and for the major improvement area are further steps in the approval of the Seawillow Development Agreement on June 18, 2024, specifically the authorization to create a Public Improvement District.

COMMITTEE/BOARD/COMMISSION ACTION: None

STAFF RECOMMENDATION/REQUESTED MOTION: Approval of Resolution 2026-10, approving the form and authorizing the distribution of a PLOM for Seawillow Ranch PID Area #1.

LIST OF SUPPORTING DOCUMENTS: Resolution 2026-10 Approving PLOM IA #1, Lockhart Seawillow Ranch IA#1 2026 - PLOM Exhibit A

RESOLUTION NO. 2026-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF LOCKHART, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026 (SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)"

WHEREAS, this City Council (the "Council") of the City of Lockhart, Texas (the "City") has adopted a resolution authorizing the creation of the Seawillow Ranch Public Improvement District (the "District"); and

WHEREAS, this Council intends to issue "City of Lockhart, Texas Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the "Bonds"), to fund public improvements within the District; and

WHEREAS, there has been presented to this Council a substantially final Preliminary Limited Offering Memorandum relating to the Bonds (the "Preliminary Limited Offering Memorandum"), attached hereto as Exhibit A; 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 Underwriter for the Bonds, FMSbonds, Inc.; 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 LOCKHART, 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, attached hereto as Exhibit A, 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, Assistant City Manager or the City Attorney. 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.

[The Remainder of this Page Intentionally Left Blank]

PASSED AND APPROVED on this 17th day of February, 2026.

THE CITY OF LOCKHART, TEXAS

By: _____
Lew White, Mayor

ATTEST:

By: _____
Julie Bowermon, City Secretary

APPROVED AS TO FORM:

By: _____
Brad Bullock, City Attorney

Signature Page

EXHIBIT A

Preliminary Limited Offering Memorandum
(Improvement Area #1)

NEW ISSUE

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 18, 2026

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 McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under “TAX MATTERS,” including the alternative minimum tax on certain corporations.

\$15,837,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

Sale Date: March 3, 2026

Interest accrues from the Closing Date (defined below)

Due: September 1, as shown on inside cover

The City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the “Bonds”), are being issued by the City of Lockhart, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2026, 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 UMB Bank, N.A., 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”), and an Indenture of Trust expected to be entered into by and between the City and the Trustee (the “Indenture”). *Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.* See “APPENDIX B – Form of Indenture.”

Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS” 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 a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments levied against Improvement Area #1 Assessed Property in the District in accordance with a Service and Assessment Plan, 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 SIMILARLY SECURED.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

The Bonds are the initial series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds involve a significant degree of risk, are speculative in nature, and are not suitable for all investors. See “BONDHOLDERS’ RISKS.” The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its City Attorney, Messer Fort PLLC, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 26, 2026 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: ^(a)

\$15,837,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 1, 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 S&P Global Market Intelligence on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 1, 20 __, are subject to redemption before their respective scheduled maturity dates, in whole or in part, at the option of the City, on any date on or after September 1, 20 __, at the redemption prices 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 described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

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* Preliminary; subject to change.

CITY OF LOCKHART, TEXAS

Elected Officials

<u>NAME</u>	<u>TERM EXPIRES (NOVEMBER)</u>
Lew White, Mayor	2026
Juan Mendoza, Councilmember District 1	2027
John Castillo, Councilmember District 2	2027
John Lairsen, Councilmember District 3	2026
Jeffry Michelson, Councilmember District 4	2026
Brad Westmoreland, Councilmember At-Large	2027
Taylor Burge, Councilmember At-Large	2027

Selected Administrative Staff

CITY MANAGER

Joseph Resendez

CITY SECRETARY

Julie Bowermon

FINANCE DIRECTOR

Keeli Michna

CITY ATTORNEY

Messer Fort, PLLC

BOND COUNSEL

McCall, Parkhurst & Horton, L.L.P.
Austin, Texas

FINANCIAL ADVISOR

Specialized Public Finance, Inc.
Austin, Texas

PID ADMINISTRATOR

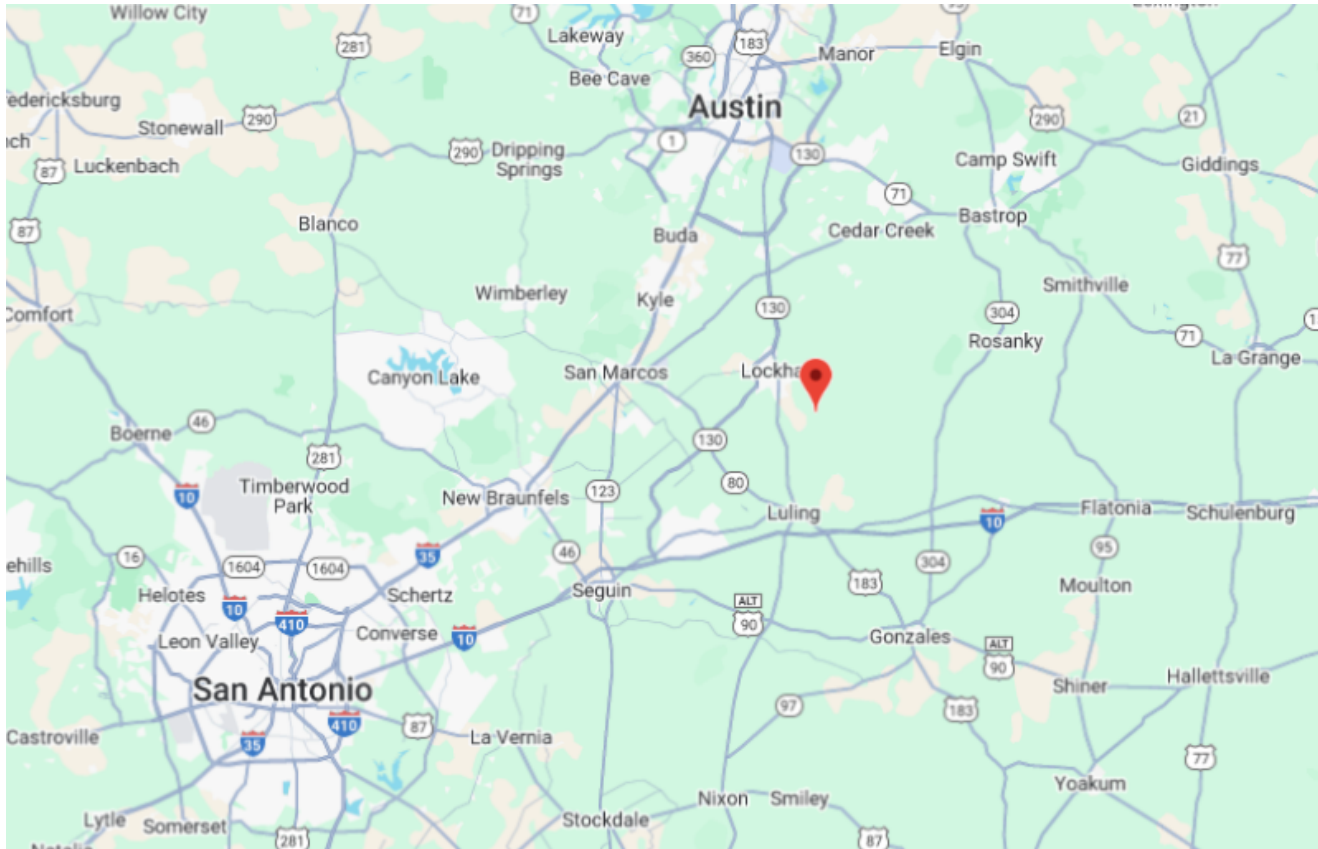
P3Works, LLC
Austin, Texas

For additional information regarding the City, please contact:

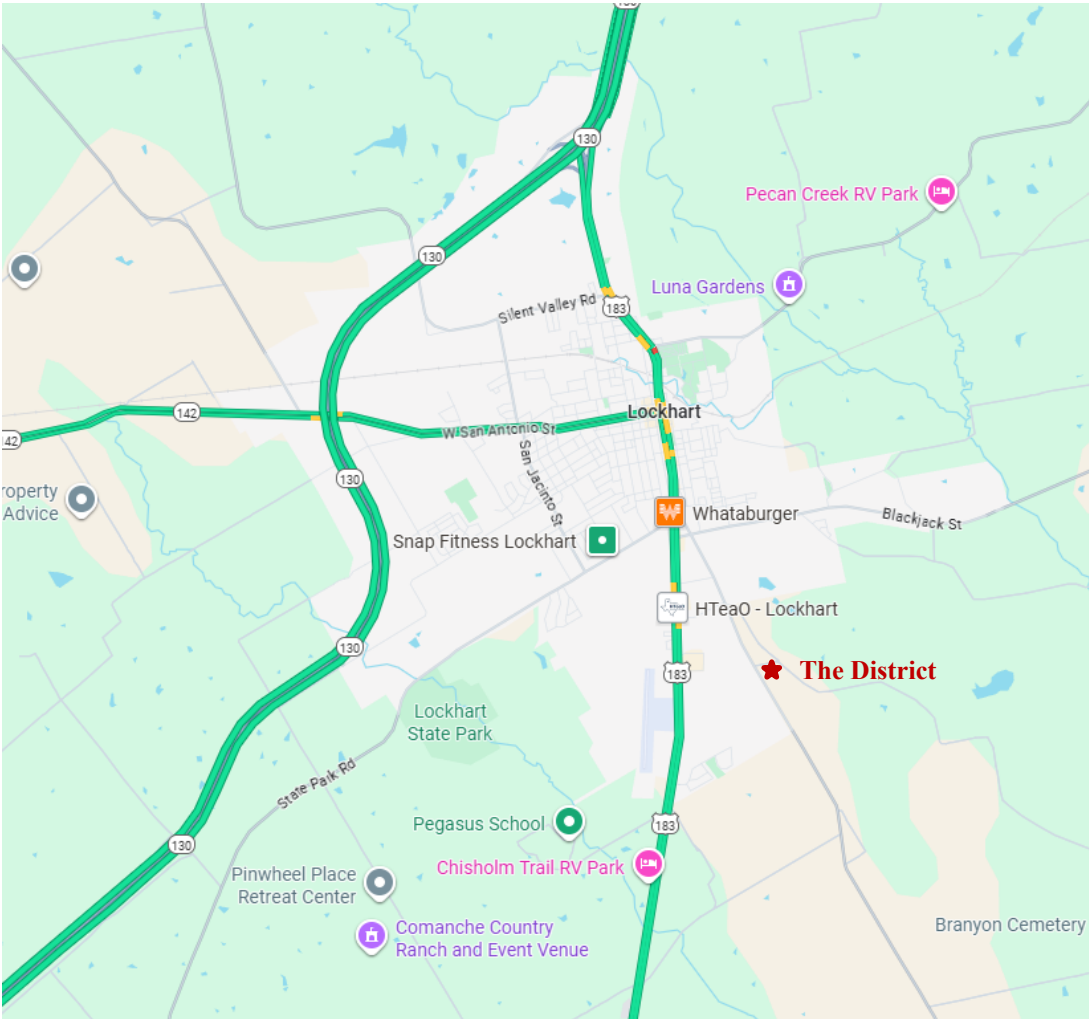
Joseph Resendez
City Manager
City of Lockhart, Texas
308 W. San Antonio St.
Lockhart, Texas 78644
(512) 398-3461

Jennifer Ritter
Managing Director
Specialized Public Finance, Inc.
248 Addie Roy Rd., Suite B-103
Austin, Texas 78746
(512) 275-7304

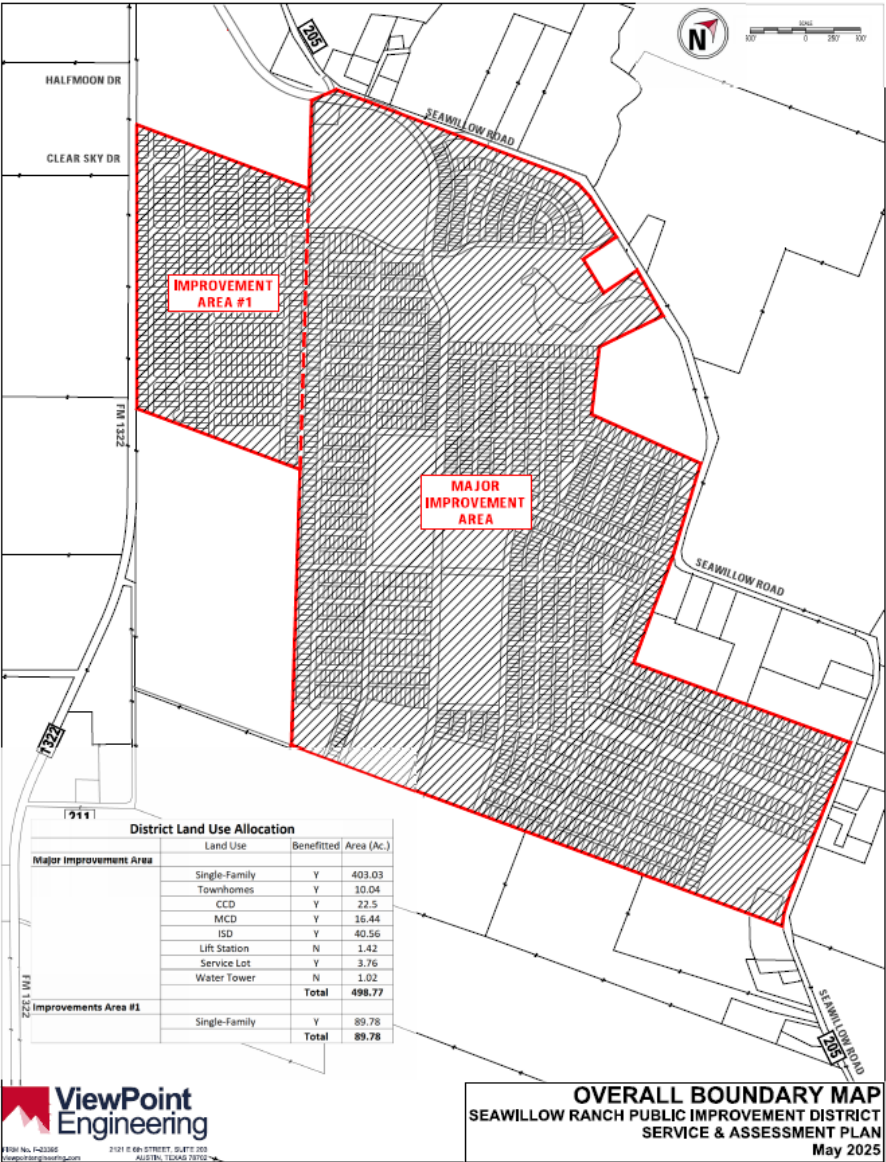
REGIONAL LOCATION MAP OF THE DISTRICT



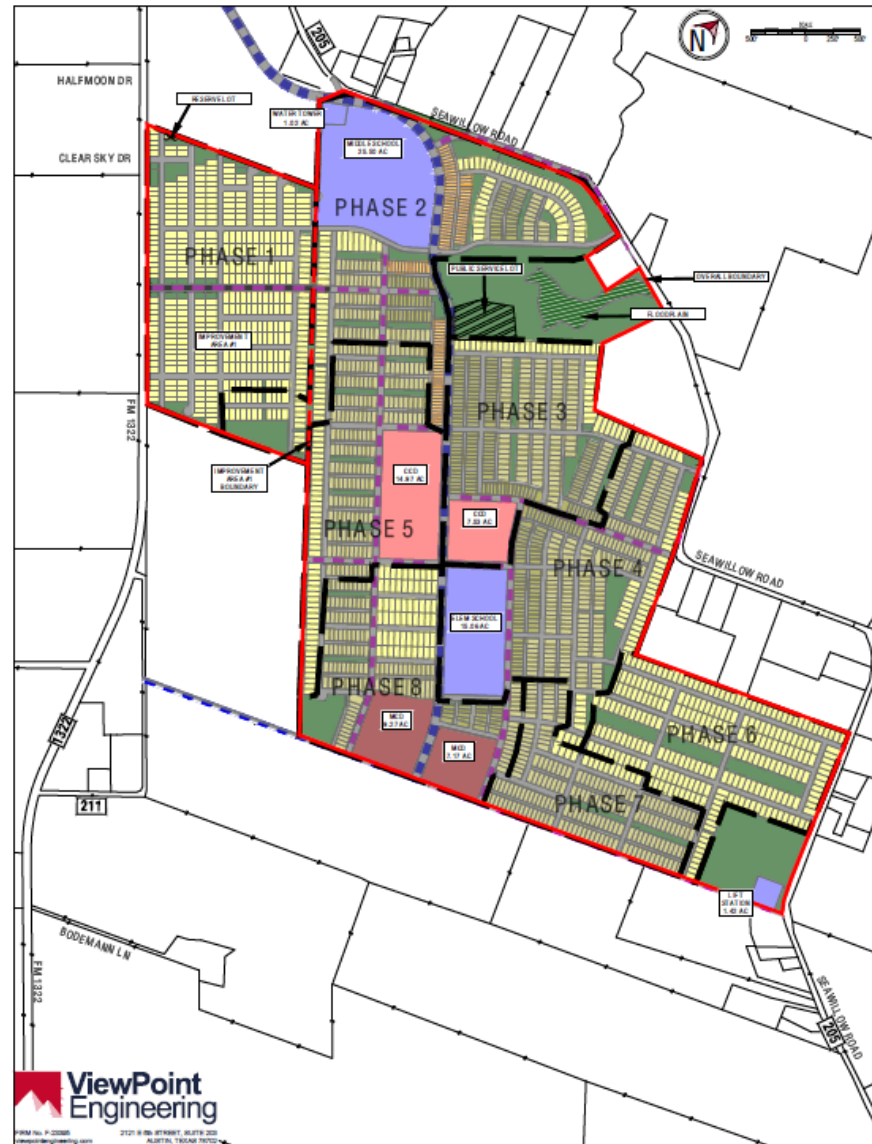
AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1, AND THE MAJOR IMPROVEMENT AREA



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 (THE "RULE" OR "RULE 15C2-12"), THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "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." EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

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

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

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

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

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

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, THE RULE.

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$15,837,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1)

INTRODUCTION

The purpose of this Preliminary Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Lockhart, Texas (the “City”), of its \$15,837,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the “Bonds”).

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

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

The Bonds are the first series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds Similarly Secured, including the Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments levied, pursuant to the Assessment Ordinance expected to be adopted by the City Council on March 3, 2026, against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds.

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, the Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Developer, the Administrator, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the form of Service and Assessment Plan appears as “APPENDIX C – Form of 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 and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Overview

ROED Prop Co, LLC, a Texas limited liability company (the “Developer”), purchased approximately 89.769 acres on August 31, 2021, such acreage comprising “Improvement Area #1” of the District (as identified in the map on page iv) using cash on hand. On September 30, 2024, RODG DT Seawillow PropCo LLC, a Texas limited liability company (the “MIA Lot Developer”), the expected lot developer of the property in the “Major Improvement Area” (as identified in the map on page iv), and affiliate of the Developer, purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area. Red Oak Development Group, LLC (“Red Oak”), an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also “THE DEVELOPER.”

The District consists of approximately 588.547 acres located partially in the corporate boundaries and partially in the extra-territorial jurisdiction of the City. Only Improvement Area #1 is in the corporate boundaries of the City. The District is expected to be developed in eight phases as a master planned development to include approximately 2,332 single-family detached residential lots consisting of 40’, 45’, 50’, 60’, and 70’ front footage lots; up to 95 single-family attached 25’ townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8’ wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district (collectively, the “Development”). See the concept plan on page v.

Development Plan

The Developer is constructing the public improvements that benefit only the lots within Improvement Area #1 (the “Improvement Area #1 Improvements”) and the portion of the public improvements that benefit all of the property within the District (the “Major Improvements”) allocable to Improvement Area #1 (such portion, the “Improvement Area #1 Major Improvements”). Proceeds of the Bonds will be used to pay a portion of the costs of the Improvement Area #1 Improvements and the Improvement Area #1 Major Improvements (together, the “Improvement Area #1 Projects”). See “THE IMPROVEMENT AREA #1 PROJECTS.”

Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50’ front footage lots. The Developer is constructing the lots in Improvement Area #1 in two phases, consisting of approximately 203 lots in “Phase 1” (as identified in the Concept Plan on page v) and approximately 211 lots in “Phase 2” (as identified in the Concept Plan on page v). The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026.

The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

The total cost of the Improvement Area #1 Projects is expected to be approximately \$17,058,425. A portion of the proceeds of the Bonds in the approximate amount of \$12,063,613* is expected to be used to reimburse the Developer for costs of the Improvement Area #1 Projects. The balance of such costs in the approximate amount of \$4,994,812* will be financed by the Developer, without reimbursement by the City. As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements (defined herein) using proceeds of the Construction Loan (defined herein), the Earnest Money (defined herein), and additional earnest money received by the Developer, as more particularly described under “THE DEVELOPMENT –

Homebuilders, Lot Purchase Agreements, and Letters of Intent in Improvement Area #1.” See “THE DEVELOPER – History and Financing of the District.”

The Developer and the City expect to enter into the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of the Improvement Area #1 Projects, including payment to the Developer for funds expended by the Developer and used to pay costs of the Improvement Area #1 Projects. See “APPENDIX G – Form of Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement.”

In addition to the Improvement Area #1 Improvements and the Major Improvements, the Developer will construct certain additional public improvements necessary for the delivery of lots in the District without reimbursement by the City (the “Private Improvements”). The cost of the Private Improvements is expected to be approximately \$2,237,458. See “THE DEVELOPMENT – The Amenities and the Private Improvements,” “– Development Agreement,” “THE DEVELOPER – History and Financing of the District,” and “APPENDIX F – Development Agreement.”

On February 3, 2025, the City adopted an ordinance (the “TIRZ Ordinance”), creating the Tax Increment and Reinvestment Zone Number 1, City of Lockhart, Texas (Seawillow Development) (the “TIRZ”), pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), encompassing the District, including Improvement Area #1, and authorizing the use of ad valorem tax increment attributable to the new development and growth in taxable value within the TIRZ for payment of project costs pursuant to the TIRZ Act, including the Improvement Area #1 Projects, as provided in the Tax Increment and Reinvestment Zone Number 1, City of Lockhart, Texas (Seawillow Development) Project and Finance Plan (including any amendments or supplements thereto, the “TIRZ Project Plan”) and the Development Agreement. The City intends to transfer to the Pledged Revenue Fund on a parcel-by-parcel basis TIRZ Revenues (defined herein) actually received to be used as a credit against Improvement Area #1 Assessments due each year on each related parcel. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount” and “BONDHOLDERS’ RISKS – TIRZ Annual Credit Amount and Marketing of the Development.”

Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1

The Developer has entered into a letter of intent (the “Hakes Bros LOI”) and lot purchase and sale agreements (the “Lot Purchase Agreements”) with the following homebuilders (collectively, the “Homebuilders”) for 290 of the planned 414 lots within Improvement Area #1. The following table reflects the names of the Homebuilders and numbers of lots for the Hakes Bros LOI and each Lot Purchase Agreement. See “THE DEVELOPMENT – Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1.”

<u>Homebuilder</u>	<u>Number of Lots</u>
CastleRock Communities LLC (“CastleRock”)	110
Adams Homes Lone Star, L.L.C. (“Adams”)	115
Hakes Brothers SATX, LLC (“Hakes Bros.”)	65
	290

The Bonds

The Bonds are the initial series of Bonds Similarly Secured to be issued under the Indenture. Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds. and (iv) the interest on the Bonds during and after the period of construction of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B – Form of Indenture.”

Payment of the Bonds Similarly Secured, including the Bonds, is payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments levied against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision

or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the 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.

Additional Indebtedness

Concurrently with the issuance of the Bonds, the City expects to issue its City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the “Major Improvement Area Bonds”) for the purpose, among other things, of paying a portion of the costs of the Major Improvement Area’s proportionate share of the Major Improvements. The Major Improvement Area Bonds will be secured by assessments levied against assessable property within the Major Improvement Area only (the “Major Improvement Area Assessments”). **Property within the Major Improvement Area will not be subject to the Improvement Area #1 Assessments. The Major Improvement Area Assessments are not security for the Bonds.**

The City expects to issue one or more series of future phased bonds or obligations (each such series of bonds or obligations being “Future Improvement Area Obligations”) to finance the costs of public improvements (the “Future Improvement Area Improvements”) within each phase of development within the Major Improvement Area (collectively, the “Future Improvement Areas”) as development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Obligations. Such Future Improvement Area Obligations will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Future Improvement Area Improvements being financed. See “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Obligations.”

The Bonds, the Major Improvement Area Bonds, and any Future Improvement Area Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Neither the Major Improvement Area Bonds nor any Future Improvement Area Obligations to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Initial Purchaser”) 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 Improvement Area #1 Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. None of the City, its councilmembers, officers, or employees shall have any liability for or in connection with the Investor’s decision to purchase the Bonds; provided, however, that they may have liability to the Investor 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 Similarly Secured.

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 of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each Interest Payment Date, being each March 1 and September 1, commencing September 1, 2026, until Stated Maturity or prior redemption. UMB Bank, N.A., is the initial Trustee, Paying Agent, and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in Authorized Denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 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 the Redemption Price equal to 100% of the principal amount of all or a portion of Bonds to be redeemed, plus accrued but unpaid interest to the date of redemption.

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the

than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

Upon surrender of any Bond for redemption in part, the Trustee 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 written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond Similarly Secured 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 Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, an identification of the Bonds Similarly Secured 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 Similarly Secured shall become due and payable.

Any notice given as provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption 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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, 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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the 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 all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS, OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS SIMILARLY SECURED

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. "Bonds Similarly Secured" means, collectively, any Outstanding Bonds and Refunding Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B – Form of Indenture."

General

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds, are equally and ratably secured by and payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of Improvement Area #1 Assessments expected to be levied against the Improvement Area #1 Assessed Property, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City Council expects to approve and adopt the Assessment Ordinance, including the Service and Assessment Plan, on March 3, 2026, which describes the special benefit received by the Improvement Area #1 Assessed Property, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the Improvement Area #1 Assessments, and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds. The Service and Assessment Plan will be reviewed and updated annually for the purpose of determining the annual budget for the Improvement Area #1 Projects and the Annual Installments of Improvement Area #1 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 of Improvement Area #1 Assessed Property. See “APPENDIX C – Form of Service and Assessment Plan.”

In connection with the pricing of the Bonds expected to occur on March 3, 2026, and as provided in the Assessment Ordinance, the City expects to approve the Service and Assessment Plan, which will reflect the actual interest rates on the Bonds, as well as the Additional Interest to be collected pursuant to Section 372.018(a) of the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of applicable law to finance the Improvement Area #1 Projects by levying Improvement Area #1 Assessments upon the Improvement Area #1 Assessed Property. For a description of the assessment methodology and the amounts of Improvement Area #1 Assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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

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

“Additional Interest Rate” means the additional 0.50% interest charged on the Improvement Area #1 Assessments as authorized by Section 372.018 of the PID Act.

“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 and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to the Improvement Area #1 Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds Similarly Secured; (6) investing or depositing Improvement Area #1 Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of Bonds Similarly Secured, including continuing disclosure requirements; and (8) the Paying Agent/Registrar and Trustee in connection with Bonds Similarly Secured, 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 the Improvement Area #1 Assessments 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.

“Assessment Revenues” means the revenues received by the City from the collection of Improvement Area #1 Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

“Delinquent Collection Costs” means, for a Parcel, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Improvement Area #1 Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Improvement Area #1 Assessments, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Improvement Area #1 Assessed Property” or “Improvement Area #1 Assessed Properties” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied as shown on the Improvement Area #1 Assessment Roll (as the same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within Improvement Area #1 other than Non-Benefited Property as defined in the Service and Assessment Plan.

“Improvement Area #1 Assessment” means an Assessment levied against Improvement Area #1 Assessed Properties and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property and included in the Service and Assessment Plan as Exhibit E-1, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

“Parcel” or “Parcels” means a parcel or parcels within the boundaries of the District, identified by either a tax map identification number assigned by the Caldwell 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 the County or by any other means determined by the City Council.

“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 Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment of the Improvement Area #1 Assessment.

“Trust Estate” means, collectively, (i) the Pledged Revenues, 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 now existing or hereafter coming into existence, and whether now or hereafter acquired, (ii) any and all other property or money of every name and nature which is, from time to time 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 covenants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Improvement Area #1 Assessments

For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees, and warrants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 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 or otherwise other than funds on deposit in the Administrative Fund.

Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount

The City adopted the TIRZ Ordinance authorizing the use of TIRZ Revenues (defined below) for payment of costs of TIRZ Projects, including costs of the Improvement Area #1 Projects, as provided for in the TIRZ Project Plan. In that certain Interlocal Agreement Regarding the City of Lockhart, Texas, Tax Increment Reinvestment Zone Number 1 by and among the City, the County, and the TIRZ (the “TIRZ Agreement”), the City and the County both agree to contribute a portion of its ad valorem tax increment (the “Tax Increment”) attributable to the new development within the TIRZ into a tax increment fund created by the City (the “TIRZ Fund”) to pay costs of TIRZ Projects, including costs of the Improvement Area #1 Projects. The City has agreed to contribute to the TIRZ Fund (i) 23% in years 2026-2035, and (ii) 28.5% in years 2036-2065 of the Tax Increment generated by application of its ad valorem tax rate to each Parcel in the TIRZ; and the County has agreed to contribute to the TIRZ Fund (i) 23% in years 2026-2035, and (ii) 28.5% in years 2036-2065 of the Tax Increment generated by application of its maintenance and operation tax rate to each Parcel in the TIRZ (collectively, the “TIRZ Revenues”).

The City and the County have agreed to transfer TIRZ Revenues generated from each Parcel within the District (the “TIRZ Annual Credit Amount”) from the TIRZ Fund to the Pledged Revenue Fund to offset a portion of each such Parcel’s Annual Installment of Improvement Area #1 Assessment due each year, as calculated by the Administrator in collaboration with the City, in accordance with the Service and Assessment Plan; *provided, however*, that the TIRZ Annual Credit Amount shall not exceed \$649.35 in years 2026-2035 and \$804.63 in years 2036-2055 for each lot within Improvement Area #1 (the “TIRZ Maximum Annual Credit Amount”). The Annual Installment payable with respect to each Parcel will be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to such Parcel on deposit in the TIRZ Fund. See “APPENDIX C – Form of Service and Assessment Plan.”

Pursuant to the TIRZ Ordinance and TIRZ Project Plan, the TIRZ Revenues generated by each Parcel in any given year shall be used to calculate such parcel’s TIRZ Annual Credit Amount in the following year (i.e., TIRZ Revenues collected in 2027 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2028). The TIRZ Revenues are generated only from the applicable ad valorem taxes levied and collected by the City and the County, respectively, on the captured appraised value of a Parcel in any year. Consequently, TIRZ Revenues are generated only if the appraised value of a Parcel in any year is greater than the base value of such Parcel (such base value being equal to the appraised value of such Parcel as of January 1, 2026). Any delay or failure of the Developer to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit to the Annual Installments. See “ASSESSMENT PROCEDURES – Improvement Area #1 Assessment Amounts – TIRZ Annual Credit Amount” and “APPENDIX C – Form of Service and Assessment Plan.”

The TIRZ will terminate on the earlier of (i) December 31, 2065, or (ii) at such time that the obligations of the TIRZ, including all the costs of all TIRZ Projects, have been paid in full. or when the maximum amount committed by each taxing unit is reached, unless terminated by the City earlier. If upon expiration of the stated term of the TIRZ, the obligations of the TIRZ have not been fully funded by the TIRZ Fund, neither the City nor the County shall have any obligation to pay the shortfall and the term shall not be extended. Notwithstanding the foregoing, the City may elect to extend the term of the TIRZ in accordance with the TIRZ Act, and the County may elect to extend its participation in the TIRZ. The City expects to collect TIRZ Revenues for the last year in calendar year 2065 and apply them to the TIRZ Annual Credit Amount in 2066.

THE TIRZ REVENUES WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS SIMILARLY SECURED, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT. THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF THE IMPROVEMENT AREA #1 ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ANNUAL COLLECTION COSTS AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. SUCH TIRZ CREDIT AMOUNT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE PRINCIPAL AND INTEREST PORTION OF THE ANNUAL INSTALLMENT FOR ANY ASSESSED PARCEL UNTIL 2027. TIRZ REVENUES GENERATED FROM THE CAPTURED APPRAISED VALUE FOR EACH PARCEL IN IMPROVEMENT AREA #1 DURING THE DEVELOPMENT OF SUCH PARCEL WILL NOT RESULT IN A TIRZ ANNUAL CREDIT AMOUNT WHICH IS SUFFICIENT TO ACHIEVE THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT. THE ABILITY OF THE TIRZ ANNUAL CREDIT AMOUNT TO PROVIDE FOR THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT FOR PARCELS WITHIN IMPROVEMENT AREA #1 IS DEPENDENT ON THE ACTUAL BUILDOUT VALUE IN IMPROVEMENT AREA #1 MEETING THE PROJECTIONS FOR THE ESTIMATED BUILDOUT VALUES DESCRIBED IN THE SERVICE AND ASSESSMENT PLAN. SEE “OVERLAPPING TAXES AND DEBT,” “BONDHOLDERS’ RISKS – TIRZ ANNUAL CREDIT AMOUNT AND MARKETING OF THE DEVELOPMENT,” AND “APPENDIX C – FORM OF SERVICE AND ASSESSMENT PLAN.”

Unconditional Levy of Improvement Area #1 Assessments

The Annual Installments of the Improvement Area #1 Assessments shall be sufficient to pay the principal of and interest on the Bonds Similarly Secured, including the Bonds, scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Improvement Area #1 Assessments will become effective on the date of adoption, and strictly in accordance with the terms, of the Assessment Ordinance. Each Improvement Area #1 Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Improvement Area #1 Assessments. Pursuant to the Assessment Ordinance, interest on the Improvement Area #1 Assessments will be calculated at the rate of interest on the Bonds, plus the Additional Interest Rate, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Improvement Area #1 Assessment, will be calculated annually and will be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the Annual Collection Costs. The portion of each Annual Installment of an Improvement Area #1 Assessment used to pay Annual Collection Costs will 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 amount collected to pay Annual Collection Costs will be due when billed, expected to be on or about October 1 of each year, in the manner set forth in the Assessment Ordinance, and will be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There will be no discount for the early payment of Improvement Area #1 Assessments.

The PID Act provides that the Improvement Area #1 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 Improvement Area #1 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 liability of and charge against the owners of Improvement Area #1 Assessed Property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien will be effective from the date of adoption of the Assessment Ordinance until the Improvement Area #1 Assessments are paid (or otherwise discharged) and will be enforceable by the City in the same manner that an ad valorem property tax levied against real property may be enforced by the City. 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.”

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Improvement Area #1 Assessments and such remaining Annual Installments (including interest) will continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfected Security Interest

The lien on and pledge of the Trust Estate to repayment of the Bonds will be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured, including 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 Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve the perfection of the security interest in said pledge to the registered owners of the Bonds, the City has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, 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 and Project Collection Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer or cause to be transferred pursuant to a City Certificate provided to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collector of the County. Upon the Trustee’s receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate, 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 Actual Costs of the Improvement Area #1 Projects as provided in the Indenture, 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 in the Indenture and, on each March 1, beginning March 1, 2027, 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 transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full to the Bond Pledged Revenue Account of the Pledged Revenue Fund set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full to the Reserve Account of the Reserve Fund set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates specified in the Indenture and after the Trustee deposits all such Pledged Revenues as provided in the Indenture, the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits to the Bond Pledged Revenue Account of the Pledged Revenue Fund and to the Reserve Account of the Reserve Fund are made in full.

While any of the Bonds Similarly Secured are Outstanding, the County, acting by and through its Tax Assessor-Collector or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City's behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City's behalf, the Trustee shall accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate, deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be deposited such Pledged Revenues pursuant to the first paragraph under this subcaption. The City shall provide such City Certificate on or before February 20, 2027, and on or before every February 20 and August 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in clause (i) of the first paragraph under this subcaption for the debt service payment date immediately following the required City Certificate delivery date or the deposit in full set forth in clause (ii) of the first paragraph under this subcaption after the City provides a City Certificate by the dates specified in this paragraph and after the Trustee deposits all Pledged Revenues received as provided in this paragraph and the first paragraph under this subcaption, the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this paragraph and the first paragraph under this subcaption as necessary to ensure the deposits set forth in clauses (i) and (ii) of the first paragraph under this subcaption are made in full.

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 and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds 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 in connection with the Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate, *second*, to the Delinquency & Prepayment Reserve Account to replenish the Delinquency & 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, pursuant to a City Certificate, which monies may be used for any lawful purpose for which Improvement Area #1 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/or interest then due and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the preceding paragraph, 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.

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027. Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Project Fund, or if the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

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 in the first paragraph under this subcaption, 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 specified in the paragraph of “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 Similarly Secured pursuant to the instructions on the memorandum to be prepared by the underwriter for the Bonds Similarly Secured (the “Closing Memorandum”) as of the Closing Date for the respective series of Bonds Similarly Secured. If, after the foregoing disbursements made pursuant to the Closing Memorandum, there are funds remaining in the Cost of Issuance Account, 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 Similarly Secured pursuant to one or more City Certificates as provided in the Indenture.

Disbursements from the Improvement Area #1 Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such Certification for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions 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. The disbursement of funds from the Improvement Area #1 Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Construction, Funding, and Acquisition Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Improvement Area #1 Construction, Funding, and Acquisition Agreement and no other provisions of the Improvement Area #1 Construction, Funding, and Acquisition Agreement are herein incorporated by reference and deemed set forth herein in full.

Except as otherwise provided in the Indenture, money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall be used solely to pay Actual Costs of the Improvement Area #1 Improvements, provided the Trustee shall have no responsibility for the application of any funds disbursed from the Improvement Area #1 Improvements 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 Area #1 Improvement Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Improvement Area #1 Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Improvement Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Improvement Area #1 Improvement Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #1 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 Area #1 Improvement Account of the Project Fund shall be closed.

In making any determination pursuant to this Section, 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 Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Area #1 Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 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 Area #1 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 applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account of the Project Fund shall be transferred to (i) the Improvement Area #1 Improvement Account in the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements, or (ii) if no Improvement Area #1 Improvements remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

Reserve Fund

The City agrees with the Holders of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account of the Reserve Fund an amount equal to not less than the Reserve Account Requirement. Reserve Account Requirement means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of an optional redemption or extraordinary optional redemption pursuant to the Indenture, and any such reduction in the Reserve Account Requirement shall be 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 date of issuance of the Bonds, the Reserve Account Requirement is \$_____*, which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of their date of issuance. The City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund, as provided in the Indenture.

Subject to requirements with respect to the Pledged Revenue Fund, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2027, 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. Delinquency & Prepayment Reserve Requirement means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Improvement Area #1 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.

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 if 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 again accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this paragraph, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds Similarly Secured are no longer Outstanding.

*To be completed upon pricing.

Whenever a transfer is made from an Account of 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.

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 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 and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000 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 written 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 to pay Rebatale Arbitrage, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, or (iii) to the Improvement Area #1 Improvement Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements if such application and the expenditure of funds is expected to occur within three years of the Closing Date.

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 Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with the Indenture.

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, and *second*, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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 shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

Administrative Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Improvement Area #1 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, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with the Indenture.

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. See “APPENDIX C – Form of Service and Assessment Plan.”

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

Defeasance

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 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 this paragraph 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 Defeased Debt. 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 Defeased Debt on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments determined by the City and described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, 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. Pursuant to current State law, Investment Securities include (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) 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 issuer 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; (iii) 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 issuer 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; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

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 Similarly Secured. Because the Indenture does not contractually limit such investments, Holders 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.

Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified above 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 Holders 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 first paragraph under this subcaption 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.

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Improvement Area #1 Assessments, including the prosecution of foreclosure proceedings, in accordance with the Indenture;
- (iii) default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and
- (iv) 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; provided, however, that the payments are to be made only from the Trust Estate.

The Trustee shall not be charged with the knowledge of (a) any events or other information, or (b) any default under the Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Immediate Remedies in Event of Default

Subject to provisions of the Indenture with respect to liability of the City, upon the happening and continuance of any of the Events of Default described above, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

Whenever moneys are to be applied upon an occurrence of an 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, specifically, in inverse order of value pursuant to a certified appraisal of real or personal property or market value of investments as set forth in the U.S. Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable 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 and manage the same, 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, and (iii) any taxes and assessments and other charges prior to the lien of the Indenture. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Holder or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided above, and shall not be liable to any Holder, or other Person, or the City by reason of such selection, liquidation, or sale.

Restriction on Holder's Actions

No Holder 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 under the Indenture, 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 it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit, or proceeding in its own name, (iii) the Holders have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right under the Indenture except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Holders 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 liability of the City, nothing in the Indenture shall affect or impair the right of any Holder 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 Holders thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

In case the Trustee or any Holders 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 Holders of Bonds Similarly Secured, then and in every such case the City, the Trustee, and the Holders 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 Default

All moneys, securities, funds, and Pledged Revenues and other assets of the Trust Estate 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 fees, costs, and expenses), 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 the provisions described above under “– Immediate Remedies in Event of Default,” 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 Holders 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 Holders entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Holders 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 or Redemption Price due and to the Holders entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of Bonds Similarly Secured pursuant to the Indenture within thirty (30) days of receipt of such good and available funds, the record date shall be the date the Trustee received such good and available funds.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds 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 in the Indenture, 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 of the Reserve Fund, 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, upon which the Trustee may conclusively rely without investigation or inquiry, 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 is hereby directed to invest and re-invest cash balances in the Morgan Stanley, Fidelity, or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code Chapter 2256, as amended (the "PFIA"), or any successor law, and only so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

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.

Other Obligations or Other Liens; Refunding Bonds

The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from the Trust Estate or any portion thereof. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured.

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 thereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the 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 Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under the Indenture shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution, and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Notwithstanding any contrary provision of the Indenture, the City shall not issue additional bonds, notes, or other obligations under the Indenture secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture, other than Bonds Similarly Secured or bonds or other obligations secured by and payable from Pledged Revenues unless such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured.

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SOURCES AND USES OF FUNDS *

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

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

⁽¹⁾ Includes the fee of counsel to the Underwriter.

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DEBT SERVICE REQUIREMENTS *

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

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	—		(1)
2027			(1)
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			
2054			
2055			
<u>Total</u>			

(1) Interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027, will be paid from amounts on deposit in the Capitalized Interest Account of the Bond Fund. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Bond Fund."

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within Improvement Area #1 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes and assessments are payable in addition to the Improvement Area #1 Assessments.

In addition to the City, each of the County (for Farm to Market roads and other County purposes), Austin Community College District, Lockhart Independent School District (“Lockhart ISD”), Caldwell County Emergency Services District #4 (Fire), Caldwell County Emergency Services District #5 (Medical and Ambulance), Plum Creek Conservation District (for flood water and groundwater management), may levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1 of the District.

<u>Taxing Entity</u>	<u>Overlapping Taxes in Improvement Area #1</u>	
	<i>Without application of Estimated TIRZ Annual Credit Amount</i> Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾	<i>With application of Estimated TIRZ Annual Credit Amount</i> Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾
The City	\$ 0.554100	\$ 0.554100
Caldwell County	0.439000	0.439000
Caldwell County Farm to Market	0.000100	0.000100
Austin Community College District	0.103400	0.103400
Lockhart ISD	0.939600	0.939600
Caldwell County Emergency Services District #4	0.100000	0.100000
Caldwell County Emergency Services District #5	0.100000	0.100000
Plum Creek Conservation District – Flood	0.013700	0.013700
Plum Creek Conservation District – Underground	0.017000	0.017000
Total Current Tax Rate	\$2.266900	\$2.266900
Estimated Average Annual Installment of Improvement Area #1 Assessment as an Equivalent Tax Rate ⁽²⁾	\$0.932925	\$0.932925
Estimated Maximum TIRZ Credit Amount applicable to Annual Installment of Improvement Area #1 Assessment for years 2026-2035 as an Equivalent Tax Rate ⁽³⁾	—	\$0.199801
<i>Estimated Net Average Annual Installments for years 2026-2035 as an Equivalent Tax Rate</i>	\$0.932925	\$0.733124
Estimated Total Tax Rate and Average Annual Installments of Improvement Area #1 Assessment for years 2026-2035 as an Equivalent Tax Rate ⁽²⁾⁽³⁾	\$3.199825	\$3.000024

⁽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, and from lot counts and estimated buildout values provided by the Developer. Shown as an equivalent tax rate for illustration purposes only. See “THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District” and “APPENDIX C – Form of Service and Assessment Plan.”

⁽³⁾ In the TIRZ Agreement and TIRZ Project Plan, the City and the County have agreed to use TIRZ Revenues generated from each parcel or lot within the District to offset a portion of such lot’s Annual Installment of Improvement Area #1 Assessments due each year. Derived from information in the Service and Assessment Plan. See “ASSESSMENT PROCEDURES – Assessment Amounts – TIRZ Annual Credit Amount.”

Sources: Caldwell County Appraisal District and Service and Assessment Plan.

Overlapping Debt

As noted above, Improvement Area #1 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within Improvement Area #1 of the District, as of January 1, 2026, and City debt to be secured by the Improvement Area #1 Assessments:

Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of January 1, 2026</u>	<u>Estimated % Applicable ⁽¹⁾</u>	<u>Estimated Overlapping Debt ⁽¹⁾</u>
The City (Bonds)	\$ 15,837,000 ⁽²⁾	100.000%	\$15,837,000 ⁽²⁾
The City (Ad Valorem Taxes)	35,110,000	1.668%	585,491
Caldwell County	66,190,000	0.484%	320,461
Caldwell County (Farm to Market)	—	—	—
Austin Community College District	657,685,000	0.008%	50,931
Lockhart ISD	211,096,145	0.867%	1,829,240
Caldwell County ESD #4	—	—	—
Caldwell County ESD #5	—	—	—
Plum Creek Conservation District – Flood	—	—	—
Plum Creek Conservation District – Underground	—	—	—
Total	\$985,918,145		\$18,623,123

⁽¹⁾ Based on the Appraisal for Improvement Area #1 of the District and on certified valuations for the Tax Year 2025 for the taxing entities. See “APPRAISAL.”

⁽²⁾ Preliminary; subject to change.

Sources: Caldwell County Appraisal District and Municipal Advisory Council of Texas.

Homeowners’ Association Dues

In addition to the Improvement Area #1 Assessments and overlapping taxes and assessments referenced above, the Developer anticipates that each lot owner in the District will pay a property owner’s association fee annually to a homeowner’s association (the “HOA”) of approximately \$1,400 per year.

ASSESSMENT PROCEDURES

Capitalized terms used in “ASSESSMENT PROCEDURES” and not otherwise defined in the Indenture or this Limited Offering Memorandum have the meanings assigned to such terms in the Service and Assessment Plan.

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Projects through the levy of Improvement Area #1 Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 of the District to be subject to Improvement Area #1 Assessments to pay the cost therefor. The City has caused the Improvement Area #1 Assessment Roll to be prepared, which shows the Improvement Area #1 Assessed Property, the amount of the benefit to and the Improvement Area #1 Assessment against each Lot or Parcel of Improvement Area #1 Assessed Property, and the number of Annual Installments in which the Improvement Area #1 Assessment is divided. The Improvement Area #1 Assessment Roll was or will be filed with the City Secretary and made available for public inspection. Statutory notice was or will be given to the owners of the Improvement Area #1 Assessed Property and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding a portion of the same with Improvement Area #1 Assessments. The City expects to adopt the Assessment Ordinance and levy the Improvement Area #1 Assessments March 3, 2026. Upon adoption of the Assessment Ordinance, the Improvement Area #1 Assessments will become legal, valid, and binding liens upon the Improvement Area #1 Assessed Property.

Pursuant to the PID Act, the costs of the Improvement Area #1 Projects to be defrayed through the levy of Improvement Area #1 Assessments may be assessed by the City against the Improvement Area #1 Assessed Property so long as the special benefit conferred upon the Improvement Area #1 Assessed Property by the Improvement Area #1 Projects equals or exceeds the Improvement Area #1 Assessments. The costs of the Improvement Area #1 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Improvement Area #1 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 – Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Improvement Area #1 Assessed Property as a result of the Improvement Area #1 Projects, provides the basis and justification for the determination that such special benefit exceeds the amount of the Improvement Area #1 Assessments, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Projects to Parcels of Improvement Area #1 Assessed Property in a manner that results in equal shares of costs being apportioned to Parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects is being funded with proceeds of the Bonds, which are payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Improvement Area #1 Projects will be allocated to the Improvement Area #1 Assessed Property by spreading the entire Improvement Area #1 Assessment across all Improvement Area #1 Assessed Property within Improvement Area #1 of the District based on the ratio of Estimated Buildout Value of each Lot Type in Improvement Area #1 to the Estimated Buildout Value of all Improvement Area #1 Assessed Property within Improvement Area #1.

The following table provides additional analysis with respect to assessment methodology, including the ratio of value to Improvement Area #1 Assessment per Lot Type, equivalent tax rate per Lot Type, and leverage per Lot Type related to the Improvement Area #1 Assessments. The information in the table was obtained from and calculated using information provided in the Service and Assessment Plan. See “APPENDIX C – Form of Service and Assessment Plan.”

Value to Lien Analysis, Improvement Area #1 Assessment Allocation, Equivalent Tax Rate, and Leverage per Lot Type in Improvement Area #1

Lot Type	Planned No. of Lots	Estimated Finished Value per Lot Type ⁽¹⁾	Projected Average Home Value per Lot Type ⁽¹⁾	Estimated Improvement Area #1 Assessment per Lot Type	Estimated Average Annual Installment of Improvement Area #1 Assessment per Lot Type	Tax Rate Equivalent of Estimated Average Annual Installment of Improvement Area #1 Assessment per Lot Type ⁽²⁾	Estimated Ratio of Estimated Finished Value per Lot Type to Estimated Improvement Area #1 Assessment ^{(1), (2)}	Estimated Ratio of Projected Average Home Value per Lot Type to Improvement Area #1 Assessment ^{(1), (2)}
50'	414	\$77,633	\$325,000	\$38,253.62	\$3,032.01	\$0.932925	2.03 : 1	8.50 : 1

⁽¹⁾ Provided by Developer. See “THE DEVELOPMENT – Expected Build-Out and Home Prices.”

⁽²⁾ Per \$100 of home value.

Source: P3Works, LLC and information presented in the Service and Assessment Plan

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

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Improvement Area #1 Assessments on Parcels of Improvement Area #1 Assessed Property similarly benefited.

The Improvement Area #1 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 Improvement Area #1. See “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

Pursuant to 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 Improvement Area #1 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 Improvement Area #1 Assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. Pursuant to the PID Act, the Assessment Lien is a first and prior lien against the Improvement Area #1 Assessed Property, 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 covenants to collect, or cause to be collected, Improvement Area #1 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 Improvement Area #1 Assessment Roll and a calculation of the Annual Installment for each Parcel of Improvement Area #1 Assessed Property. Annual Collection Costs shall be allocated among all Parcels of Improvement Area #1 Assessed Property in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City covenants, agrees, and warrants that, for so long as any Bonds are Outstanding, it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 Assessments. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Improvement Area #1 Assessments.”

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of, the City to the owners of the Improvement Area #1 Assessed Property 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 Improvement Area #1 Assessment or the corresponding Improvement Area #1 Assessed Property. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Improvement Area #1 Assessments.”

The City will implement the basic timeline and procedures for Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessments are not timely paid, there are penalties and interest as set forth below:

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

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

Assessment Amounts

The amounts of the Improvement Area #1 Assessments have been established by the methodology described in the Service and Assessment Plan. The Improvement Area #1 Assessment Roll sets forth for each year the Annual Installment for each Parcel of Improvement Area #1 Assessed Property. The Improvement Area #1 Assessments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessments will be levied against the Parcels of Improvement Area #1 Assessed Property as indicated on the Improvement Area #1 Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan."

The Annual Installments shown on the Improvement Area #1 Assessment Roll will be reduced to equal the actual costs of repaying the Bonds Similarly Secured, the Additional Interest, and actual Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

If the debt service on issued and Outstanding Bonds Similarly Secured is reduced as the result of an economic refunding of the Bonds, Prepayment of Improvement Area #1 Assessments, or redemption of Bonds Similarly Secured, then there would be a corresponding reduction in the Improvement Area #1 Assessments and the Annual Installments. See "APPENDIX C – Form of Service and Assessment Plan." In such case, the reduced Improvement Area #1 Assessment and Annual Installment, as shown on the Improvement Area #1 Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by City Council.

Method of Apportionment of Improvement Area #1 Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Improvement Area #1 Assessments shall be initially allocated to the Parcels consisting of the Improvement Area #1 Assessed Property based on the ratio of the Estimated Buildout Value of each Parcel of Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Parcels of Improvement Area #1 Assessed Property.

Division Prior to Recording of Subdivision Plat. Upon the division of any Improvement Area #1 Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to the division among the newly divided Improvement Area #1 Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Improvement Area #1 Assessment for the newly divided Improvement Area #1 Assessed Property

B = the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Improvement Area #1 Assessed Property

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

The calculation of the Estimated Buildout Value of an Improvement Area #1 Assessed Property shall be performed by the Administrator based on information from the Developer, homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Improvement Area #1 Assessed Property. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Improvement Area #1 Assessments for all newly divided Improvement Area #1 Assessed Properties shall equal the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Improvement Area #1 Assessed Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Subdivision by a Recorded Subdivision Plat. Upon the subdivision of any Improvement Area #1 Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Improvement Area #1 Assessment for the Improvement Area #1 Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Improvement Area #1 Assessment for the newly subdivided Lot

B = the Improvement Area #1 Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Improvement Area #1 Assessments for all newly subdivided Lots shall not exceed the Improvement Area #1 Assessment for the portion of the Improvement Area #1 Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Improvement Area #1 Assessed Property. The reallocation of an Improvement Area #1 Assessment for an Improvement Area #1 Assessed Property that is a homestead under Texas law may not exceed the Improvement Area #1 Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Consolidation. If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Improvement Area #1 Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

TIRZ No. 1 Annual Credit Amount. Pursuant to the Development Agreement, the Service and Assessment Plan, the TIRZ Ordinance, and the TIRZ Agreement, the City and the County agreed to use TIRZ Revenues generated from each Parcel of Improvement Area #1 Assessed Property to offset the principal and interest portion of such Parcel's Improvement Area #1 Assessment. The Annual Installment of the Improvement Area #1 Assessments for each Parcel of Improvement Area #1 Assessed Property will be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to such Parcel, but in no event shall the TIRZ Annual Credit Amount exceed the \$649.35 in years 2026-2035 and \$804.63 in years 2036-2055 for each lot within Improvement Area #1. TIRZ Revenues are generated only from certain ad valorem taxes levied and collected by the City and the County on the Captured Appraised Value on the applicable Parcel in any year. Consequently, TIRZ Revenues will be generated only if the appraised value of such Parcel in any year is greater than the appraised value of such Parcel as of January 1, 2026. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount," "BONDHOLDERS' RISKS – TIRZ Annual Credit Amount and Marketing of the Development," and "APPENDIX C – Form of Service and Assessment Plan."

THE ABILITY OF THE TIRZ ANNUAL CREDIT AMOUNT TO EQUAL THE TIRZ MAXIMUM ANNUAL CREDIT AMOUNT FOR PARCELS OF IMPROVEMENT AREA #1 ASSESSED PROPERTY IS DEPENDENT ON THE ACTUAL BUILDOUT VALUE IN IMPROVEMENT AREA #1 MEETING THE PROJECTIONS FOR THE ESTIMATED BUILDOUT VALUES DESCRIBED IN THE SERVICE AND ASSESSMENT PLAN. SEE "OVERLAPPING TAXES AND DEBT," "BONDHOLDERS' RISKS – TIRZ ANNUAL CREDIT AMOUNT AND MARKETING OF THE DEVELOPMENT," AND "APPENDIX C – FORM OF SERVICE AND ASSESSMENT PLAN."

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The following table reflects the estimated allocation of Improvement Area #1 Assessments expected to be levied and collected and TIRZ Maximum Annual Credit Amount to be applied per lot type.

Improvement Area #1 Assessment and TIRZ Maximum Annual Credit Amount Allocation by Lot Type ⁽¹⁾

Lot Type	Number of Lots	Estimated Maximum Improvement Area #1 Assessment Per Lot ⁽²⁾	Estimated Average Annual Installment Per Lot	Estimated Equivalent Tax Rate of Average Annual Installment Per \$100 AV ⁽³⁾	Estimated Total Overlapping Equivalent Tax Rate Per \$100 AV ⁽⁴⁾	Estimated TIRZ Maximum Annual Credit Per Lot for 2026-2035 ⁽⁵⁾	Estimated Net Annual Installment Per Lot for 2026-2035 ⁽⁵⁾	Estimated Net Improvement Area #1 Assessment Equivalent Tax Rate for 2026-2035 Per \$100 AV ⁽⁵⁾	Estimated Net Total Overlapping Equivalent Tax Rate Per \$100 AV ⁽⁶⁾
50'	414	\$38,253.62	\$3,032.01	\$0.932925	\$3.199825	\$649.35	\$2,382.66	\$0.733124	\$3.000024

- ⁽¹⁾ Preliminary; subject to change. Derived from information in the Service and Assessment Plan. Includes the Improvement Area #1 Assessments securing the Bonds.
- ⁽²⁾ Pursuant to the Service and Assessment Plan, "Maximum Improvement Area #1 Assessment" means, for each Lot Type within Improvement Area #1, the amount shown on Exhibit G-1 to the Service and Assessment Plan.
- ⁽³⁾ Estimated equivalent tax rate of the Improvement Area #1 Assessments only. Based on Estimated Buildout Values provided by the Developer. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes," "THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District," and "APPENDIX C – Form of Service and Assessment Plan."
- ⁽⁴⁾ Total equivalent tax rate of the Improvement Area #1 Assessments and the ad valorem tax rates for the City and other overlapping tax entities. Based on Estimated Buildout Values provided by the Developer. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."
- ⁽⁵⁾ For illustration purposes only. The Annual Installment of Improvement Area #1 Assessments for each Parcel of Improvement Area #1 Assessed Property will be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to such Parcel, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED – Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount," but in no event shall the TIRZ Annual Credit Amount exceed the TIRZ Maximum Annual Credit Amount. The ability of the TIRZ Annual Credit Amount to equal the TIRZ Maximum Annual Credit Amount is dependent on the actual buildout value in Improvement Area #1 meeting the projections for the Estimated Buildout Value per Lot. There is no guarantee that there will be sufficient TIRZ Revenues to generate the TIRZ Maximum Annual Credit Amount. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."
- ⁽⁶⁾ For illustration purposes only. Represents the total estimated equivalent tax rate of the estimated average Annual Installment of Improvement Area #1 Assessments, less the TIRZ Maximum Annual Credit, plus the ad valorem tax rates for the City and other overlapping taxing entities. See "OVERLAPPING TAXES AND DEBT – Overlapping Taxes" and "APPENDIX C – Form of Service and Assessment Plan."

Source: P3Works, LLC and information presented in the Service and Assessment Plan

The Bonds are payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Improvement Area #1 Assessments. TIRZ Revenues do not secure repayment of the Bonds. See "SECURITY FOR THE BONDS SIMILARLY SECURED" and "APPENDIX C – Form of Service and Assessment Plan."

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Improvement Area #1 Assessed Property may voluntarily prepay (a "Prepayment"), at any time, all or part of an Improvement Area #1 Assessment levied against such owner's Improvement Area #1 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 Improvement Area #1 Assessment are not to be considered a Prepayment but rather are to be treated as payment of regularly scheduled Improvement Area #1 Assessments.

Priority of Lien

The Improvement Area #1 Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the Improvement Area #1 Assessed Property, 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 Improvement Area #1 Assessed Property regardless of whether the owners are named. The lien is effective from the date of adoption of the Assessment Ordinance until the Improvement Area #1 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 Improvement Area #1 Assessed Property may pay the entire Improvement Area #1 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 Improvement Area #1 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 Annual Installment or Annual Installments of an Improvement Area #1 Assessment will be subject to the lien established for remaining unpaid installments of the Improvement Area #1 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 Improvement Area #1 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 Holders of the Bonds Similarly Secured, including 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 Similarly Secured, including 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 Improvement Area #1 Assessment on the corresponding Improvement Area #1 Assessed Property.

In the Indenture, the City covenants to take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 Assessments, provided that the City is not required to expend any funds for collection and enforcement of Improvement Area #1 Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See "APPENDIX B – Form of Indenture." See also "APPENDIX E-1 – Form of Disclosure Agreement of Issuer" for a description of the expected timing of certain events with respect to collection of the delinquent Improvement Area #1 Assessments.

The Delinquency and Prepayment Reserve Account of the Reserve Fund will be funded 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 SIMILARLY SECURED – Reserve Fund," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

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THE CITY

Background

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

The City provides the following primary services: police protection, emergency medical services, public works, street maintenance, parks, library and utility (water, sewer and garbage) service.

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and the City's Home Rule Charter. The City's Home Rule Charter was approved by voters in 1973 and last amended at an election held in November 2024. The City operates under a Manager-Council form of government with a City Council comprised of the Mayor and six Councilmembers elected for staggered three-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer of the City.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof.

General information regarding the City and the surrounding area can be found in "APPENDIX A – General Information Regarding the City and Surrounding Area."

Water and Wastewater

The City will provide water and sewer services to the District. The City owns and maintains its own water treatment system. The City's existing water wells have a firm capacity of 3.43 million gallons per day ("MGD"); receives up to 3,000 acre-feet of treated water, equivalent to 2.67 MGD, from the Carrizo Groundwater Supply Project; and receives an additional 1 MGD of treated surface water from the City of Luling, for a total existing treated supply capacity of 7.1 MGD.

The City owns and maintains its own water distribution system. The Developer constructed connections to two 12-inch diameter water taps on FM 1322 and constructed 8-inch and 12-inch distribution system water mains throughout the subdivision to provide sufficient looping of the system.

The City owns and maintains its own wastewater treatment system consisting of two wastewater treatment plants. Wastewater Treatment Plant ("WWTP") No. 1 (Larremore Plant) has a design capacity of 1.1 MGD and a peak capacity of 4.0 MGD. WWTP No. 2 (FM 20 Plant) has a design capacity of 1.5 MGD and a peak capacity of 4.5 MGD. The combined capacity design of both plants is 2.6 MGD with a peak capacity of 8.5 MGD. Whenever flow measurements for any domestic sewage treatment facility reach 75% of the permitted daily average or annual average flow for three consecutive months, the permittee must initiate engineering and financial planning for expansion. Whenever flow reaches 90% of the permitted daily or annual average flow for three consecutive months, the permittee must obtain necessary authorization to commence construction. Both WWTPs have been operating below the triggering thresholds.

The City owns and maintains its own wastewater collection system. The Developer installed a Regional Wastewater Lift Station that is designed to handle the wastewater of the entire Development and can be expanded to serve areas beyond the Development. The Regional Wastewater Lift Station discharges into a 14" force main that connects to the City's gravity wastewater system at Blackjack Street (FM 20).

The City engineer analyzed the Development and coordinated with the Developer's engineering team and

the City Public Works Director to review the feasibility and design related to water and sanitary sewer service to the Development. In August 2024, the City adopted its Water and Wastewater (“W/WW”) Master Plan to ensure the City’s water and wastewater systems maintain compliance with local and state regulations. The W/WW Master Plan is a planning tool for system improvements for anticipated growth. See “THE DEVELOPMENT – Utilities.”

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 public improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on October 15, 2024 (the “Creation Resolution”), for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the portion of the District property being developed in a phase. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-v.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake or reimburse a property owner or developer for the costs of the financing, acquisition, construction or improvement of the Improvement Area #1 Projects. See “THE IMPROVEMENT AREA #1 PROJECTS.” Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition, or purchase of the Improvement Area #1 Projects 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 the Trust Estate, consisting primarily of revenue from the Improvement Area #1 Assessments. See “ASSESSMENT PROCEDURES,” “THE IMPROVEMENT AREA #1 PROJECTS,” and “APPENDIX C – Form of Service and Assessment Plan.”

THE IMPROVEMENT AREA #1 PROJECTS

General

The Developer is responsible for the construction, acquisition or purchase of the Improvement Area #1 Projects, and the Developer or its designee will act as construction manager. A portion of the costs of the Improvement Area #1 Projects is being funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects has been or will be paid by the Developer, without reimbursement by the City. See “APPENDIX C – Form of Service and Assessment Plan.”

Improvement Area #1 Projects

The Improvement Area #1 Projects consist of the Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements, both described below.

Improvement Area #1 Improvements

Roadway Improvements. The roadway improvements include subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, sidewalks, barricades,

traffic control, platting, staking, and streetlights. All related signage, lighting, excavation, embankment, erosion controls, and re-vegetation of all disturbed areas within the right-of-way are included. The roadway improvements will provide benefit to each Lot within Improvement Area #1.

Water Improvements. The water improvements include trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

Wastewater Improvements. The wastewater improvements include trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

Drainage Improvements. The storm improvements include earthen channels, swales, curb and drop inlets, RCP piping and boxes, headwalls, concrete flumes, rock rip rap, detention ponds, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

Soft Costs. Costs relating to designing, constructing, and installing the Improvement Area #1 Improvements, including land planning and design, City fees, inspection fees, engineering, material testing, surveying, and contingency.

Major Improvements

Roadway Improvements. The roadway improvements include (i) subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the Seawillow Phase 1 Collector right-of-way, and (ii) improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way directly related to facilitating the left turn lane within FM 1322. The roadway improvements will provide benefit to each Lot within the District.

Water Improvements. The water improvements include (i) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under the Seawillow Phase 1 Collector, and (ii) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under FM 1322. The water improvements will provide benefit to all Lots within the District.

Drainage Improvements. The wastewater improvements include (i) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to facilitate the proposed construction of the wastewater gravity line to the lift station, (ii) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring and testing for the construction of the force main between the regional lift station and the connection to the existing city sanitary sewer system on Black Jack Road, and (iii) wet well, pumps, driveway construction, related earthwork, excavation, erosion control and all necessary appurtenances required to construct the regional lift station. The wastewater improvements will provide benefit to all Lots within the District.

Soft Costs. Costs related to District Formation and designing, constructing, and installing the Major Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees that are not direct construction costs.

The following table reflects the component and total costs of the Improvement Area #1 Projects. ⁽¹⁾

	Improvement Area #1	Improvement Area #1's allocable share of Major	Improvement
	<u>Improvements</u>	<u>Improvements</u>	<u>Area #1 Projects</u>
Roadway	\$4,694,453	\$ 368,122	\$ 5,062,575
Water	1,514,167	81,522	1,595,689
Wastewater	1,905,972	729,702	2,635,674
Drainage	4,940,085	—	4,940,086
District Formation	—	286,765	286,765
Soft Costs	<u>2,247,632</u>	<u>290,005</u>	<u>2,537,637</u>
Total	\$15,302,309	\$1,756,116	\$17,058,425

⁽¹⁾ Derived from the Service and Assessment Plan. Totals may not sum correctly due to rounding. See "APPENDIX C – Form of Service and Assessment Plan."

The total cost of the Improvement Area #1 Projects is expected to be approximately \$17,058,425. A portion of the proceeds of the Bonds in the approximate amount of \$12,063,613* is expected to be used to reimburse the Developer for costs of the Improvement Area #1 Projects. The balance of such costs in the approximate amount of \$4,994,812* will be financed by the Developer, without reimbursement by the City. As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements and approximately \$2,013,100 on the Major Improvements using proceeds of the Construction Loan, the Earnest Money, and additional earnest money received by the Developer, as more particularly described under "THE DEVELOPMENT – Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1." See "THE DEVELOPER – History and Financing of the District."

Ownership and Maintenance of Improvement Area #1 Projects

The Improvement Area #1 Projects will be dedicated to and accepted by the City and will constitute a portion of the City's infrastructure improvements. Upon and after dedication, the City will provide for the ongoing maintenance and repair of the Improvement Area #1 Projects. See "THE CITY – Water and Wastewater."

THE DEVELOPMENT

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

Overview

The Developer purchased approximately 89.769 acres on August 31, 2021, such acreage comprising Improvement Area #1 of the District. On September 30, 2024, the MIA Lot Developer purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area. Red Oak, an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also "THE DEVELOPER."

The Development consists of approximately 588.547 acres in the corporate boundaries and extra-territorial jurisdiction of the City. The Development is being developed in eight phases as a master planned development to

* Preliminary, subject to change.

include approximately 2,332 single-family detached residential lots consisting of 40', 45', 50', 60', and 70' front footage lots; up to 95 single-family attached 25' townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8' wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district. See the concept plan on page v.

Development Plan

The Developer is constructing the Improvement Area #1 Improvements and the Major Improvements. Proceeds of the Bonds will be used to pay a portion of the costs of the Improvement Area #1 Projects. See "THE IMPROVEMENT AREA #1 PROJECTS."

Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50' front footage lots. The Developer is constructing the Improvement Area #1 Improvements in two phases, consisting of 203 lots in Phase 1 and 211 lots in Phase 2. The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026.

The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements.

Expected Lot Buildout and Absorption and Home Prices in the District

The following tables reflect the Developer's expectations with respect to lot buildout and absorption timing and lot and home prices, respectively, in the District.

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Expected Buildout and Absorption of Lots in the District

	<u>Lot Size</u>	<u>Number of Lots</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Expected Initial Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Final Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Initial Sale Date of Single-Family Homes to Homeowners</u>
<u>Improvement Area #1</u>						
Phase 1	50'	203	January 2026	February 2026	February 2027	July 2026
Phase 2	50'	<u>211</u>	June 2026	June 2026	December 2029	December 2026
		414				
<u>Improvement Area #2</u>						
	25'	47	June 2027	July 2027	December 2029	September 2027
	35'	97				
	40'	100				
	45'	<u>70</u>				
		314				
<u>Improvement Area #3</u>						
	25'	47	September 2028	October 2028	September 2030	July 2029
	35'	105				
	40'	100				
	45'	<u>62</u>				
		314				
<u>Improvement Area #4</u>						
	35'	93	June 2030	July 2030	October 2032	November 2030
	40'	131				
	45'	76				
	50'	15				
	60'	5				
	70'	<u>5</u>				
		325				
<u>Improvement Area #5</u>						
	40'	80	September 2031	October 2031	September 2033	April 2032
	45'	52				
	50'	118				
	60'	15				
	70'	<u>5</u>				
		270				
<u>Improvement Area #6</u>						
	40'	91	December 2032	January 2033	September 2034	May 2033
	45'	37				
	50'	115				
	60'	20				
	70'	<u>7</u>				
		270				
<u>Improvement Area #7</u>						
	40'	42	June 2033	July 2033	September 2035	December 2033
	45'	25				
	50'	130				
	60'	15				
	70'	<u>8</u>				
		220				
<u>Improvement Area #8</u>						
	40'	21	June 2034	July 2034	September 2036	December 2034
	45'	28				
	50'	131				
	60'	15				
	70'	<u>10</u>				
		205				
		<u>2,332</u>				

Expected Lot and Home Prices in the District

	<u>Lot Type</u>	<u>Number of Lots</u>	<u>Expected Lot Prices</u>	<u>Expected Home Prices</u>
<u>Improvement Area #1</u>	50' Detached	414	\$65,000 - \$72,500 ⁽¹⁾	\$325,000
<u>Improvement Area #2</u>	25' Townhome	47	\$52,500	\$278,000
	35' Alley	97	\$65,000	\$290,000
	40' Alley	100	\$72,000	\$310,000
	45' Alley	<u>70</u>	\$75,000	\$325,000
		314		
<u>Improvement Area #3</u>	25' Townhome	47	\$55,000	\$285,000
	35' Alley	105	\$69,000	\$345,000
	40' Alley	100	\$77,000	\$385,000
	45' Alley	<u>62</u>	\$80,000	\$400,000
		314		
<u>Improvement Area #4</u>	35' Alley	93	\$79,000	\$395,000
	40' Alley	131	\$88,000	\$440,000
	45' Alley	76	\$90,000	\$450,000
	50' Detached	15	\$106,000	\$530,000
	60' Detached	5	\$137,000	\$685,000
	70' Detached	<u>5</u>	\$145,000	\$725,000
		325		
<u>Improvement Area #5</u>	40' Alley	80	\$94,000	\$470,000
	45' Alley	52	\$96,000	\$485,000
	50' Detached	118	\$120,000	\$600,000
	60' Detached	15	\$140,000	\$705,000
	70' Detached	<u>5</u>	\$154,000	\$765,000
		270		
<u>Improvement Area #6</u>	40' Alley	91	\$100,000	\$500,000
	45' Alley	37	\$102,000	\$505,000
	50' Detached	115	\$130,000	\$650,000
	60' Detached	20	\$144,000	\$725,000
	70' Detached	<u>7</u>	\$158,000	\$795,000
		270		
<u>Improvement Area #7</u>	40' Alley	42	\$115,000	\$575,000
	45' Alley	25	\$121,000	\$585,000
	50' Detached	130	\$139,000	\$695,000
	60' Detached	15	\$147,000	\$740,000
	70' Detached	<u>8</u>	\$162,000	\$830,000
		220		
<u>Improvement Area #8</u>	40' Alley	21	\$120,000	\$575,000
	45' Alley	28	\$125,000	\$595,000
	50' Detached	131	\$144,000	\$710,000
	60' Detached	15	\$150,000	\$755,000
	70' Detached	<u>10</u>	\$167,000	\$860,000
		205		
		<u>2,332</u>		

⁽¹⁾ Excludes contractual price escalations.

The Amenities and Private Improvements

In addition to the Improvement Area #1 Improvements and the Major Improvements, the Developer will construct the Private Improvements and the Amenities. The Private Improvements include lot excavation, electrical improvements, construction material testing, developer fees, geotechnical reports, landscape, irrigation, entries, and the private allocation of the Phase 1 turn lane (6.28%). The “Amenities” include an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces, approximately 2,500 linear feet of 8’ concrete hike and bike trails (both to be completed in the third phase of development), playgrounds, a splash pad, open space, creek bed, and parks. See “– Development Agreement.”

The Amenities (defined herein) and storm water detention ponds and related facilities, entries and signage, open spaces, common areas, right-of-way irrigation and landscaping, screening walls, and exterior fencing will be owned, operated, and maintained by the HOA. See “OVERLAPPING TAXES AND DEBT – Homeowners’ Association Dues.”

Future Improvement Areas and Future Improvement Area Obligations

The Developer expects to request that the City issue Future Improvement Area Obligations to finance the costs of public improvements within the Future Improvement Areas of the District as the development proceeds. The Future Improvement Area Obligations, if any, will be secured by separate assessments, separate and distinct from the Improvement Area #1 Assessments, levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas that benefit from the public improvements being financed.

Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1

The Developer has entered into the Hakes Bros LOI and the Lot Purchase Agreements with the Homebuilders for 290 of the planned 414 Lots within Improvement Area #1. The Developer is continuing to negotiate additional contracts for lots in Improvement Area #1.

The following table shows the lot price and takedown information of each Lot Purchase Agreement and the Hakes Bros LOI.

<u>Homebuilder</u>	<u>Lot Price</u>	<u>Totals # of Lots</u>	<u>Initial Takedown</u>	<u>Takedown Schedule</u>
CastleRock	\$72,500 (7.5% escalator)	110	30	• 30 lots w/in 20 business days of lot completion • 20 lots every 90 days thereafter
Adams	\$72,500 (6% escalator)	115	30	• 25 lots w/in 30 days of lot completion • 13 lots w/in 90 days of initial closing • 12 lots w/in 90 days of second closing • 15 lots w/in 90 days of third closing • 15 lots w/in 90 days of fourth closing • 15 lots w/in 90 days of fifth closing • All remaining lots w/in 90 days of sixth closing
Hakes Bros.	\$67,500 (7% escalator)	<u>65</u>	12	• 12 lots w/in 15 days of (i) substantial completion of Phase 1, (ii) City acceptance, and (iii) expiration of the Feasibility Period • 6 lots every 90 days thereafter
Total Under Contract		290		

CastleRock has deposited \$1,171,275 in earnest money (the “Earnest Money”), all of which is hard and will be credited against lot purchases under its Lot Purchase Agreement.

The Adams Lot Purchase Agreement provides that Adams will (1) deposit an initial earnest money deposit of \$1,000, and (2) will deposit an additional \$999,000 upon the expiration of the feasibility period of such Lot Purchase Agreement if Adams continues with such contract. Pursuant to the terms of the Adams Lot Purchase Agreement, such earnest money will be released to the Developer upon certain conditions, including, among other things, the execution of a subordination agreement and a performance deed of trust, approved construction plans, and acquisition of all offsite easements. [The feasibility period under the Adams Lot Purchase Agreement continues until February __, 2026.] **No assurance can be given that Adams will continue with its contract or release its earnest money.**

Pursuant to the Hakes Bros LOI, Hakes Bros. is expected to deposit a total of \$438,750 in earnest money, with \$10,000 due within five business days of mutual execution of a definitive contract and \$428,750 due within five business days of delivery by Hakes Bros. or the continuation notice prior to expiration of the feasibility period. The Hakes Bros LOI specifies that any definitive contract shall have a feasibility period of 45 days from mutual execution of such definitive contract. No assurance can be given that Hakes Bros. will proceed to a definitive contract.

The Developer previously executed a lot purchase agreement with DFH Coventry, LLC (“Dreamfinders”). Dreamfinders has since terminated its contract for lots in Improvement Area #1 of the Development. Dreamfinders previously deposited \$1,065,750 in earnest money pursuant to its lot purchase agreement, secured by a performance deed of trust. All of such earnest money was released to the Developer and used for development. Dreamfinders retains an earnest money deed of trust encumbering the land in Improvement Area #1 and retains foreclosure rights on such land until the return of its earnest money. The Developer expects to return such earnest money to Dreamfinders and obtain a release of the lien securing such earnest money on lots in Improvement Area #1 upon the release of earnest money funds from Adams.

The Developer previously executed a lot purchase agreement with Brightland Homes, Ltd. (“Brightland”). Brightland has since terminated its contract for lots in Improvement Area #1 of the Development. Brightland previously deposited \$1,042,000 in earnest money pursuant to its lot purchase and sale agreement, secured by a performance deed of trust. A portion of such earnest money (\$498,500) remains in escrow and a portion (\$543,500) was released to the Developer. Brightland retains an earnest money deed of trust encumbering the land in Improvement Area #1 and retains foreclosure rights on such land until the return of its earnest money. The Developer expects that the portion of Brightland’s earnest money in escrow and the portion of Brightland’s earnest money which has been released to the Developer will be repaid or returned to Brightland pro rata and the lien from Brightland’s earnest money deed of trust will be released on lots sold to the Homebuilders at the closing of such lots through funds provided at each lot closing.

Development Agreement

The City and the MIA Lot Developer entered into the Development Agreement which sets forth, among other things, (i) the agreement to construct the Improvement Area #1 Improvements and the Major Improvements within the District in accordance with the construction standards set forth therein, (ii) the ownership, operation, and maintenance of the Improvement Area #1 Improvements and the Major Improvements, and (iii) the reimbursement to the MIA Lot Developer or its affiliates, including the Developer, for the costs to construct the Authorized Improvements in the District in an amount not to exceed \$150,000,000 from proceeds of PID Bonds (defined therein). See “APPENDIX F – Development Agreement.”

The Development Agreement requires that the issuance of any PID Bonds is subject to the following conditions:

- For PID Bonds issued to fund construction of public improvements in Improvement Area #1, which may include a pro-rata portion of the Major Improvements benefitting such improvement area, a minimum value to lien ratio of 2:1 based on the anticipated final lot values as provided in a third-party appraisal;

- For PID Bonds issued to fund construction of Major Improvements and local improvements in phases subsequent to Improvement Area #1, a minimum value to lien ratio of 3:1 based on the anticipated final lot values as provided in a third-party appraisal;
- A maximum tax rate equivalent of Assessments, including the Improvement Area #1 Assessments, taking into account the TIRZ Annual Credit Amount, of \$1.25 per \$100 of assessed valuation assuming the Estimated Buildout Value of the applicable parcels; and
- A maximum maturity date of 35 years.

The City also agrees in the Development Agreement to the following:

- Create the TIRZ and contribute (i) twenty three percent (23%) of the City ad valorem tax increment generated within the TIRZ in years 2026-2035 and twenty-eight and one half percent (28.5%) of the City ad valorem tax increment generated within the TIRZ in years 2036-2065 within each phase (the “City Tax Increment”), whether the Initial Phase or any Subsequent Phase, for which an Assessment for local or zone improvements has been levied for such phase within thirty (30) years in the TIRZ to offset special assessments.
- Provide a maximum of 2,786 living unit equivalents, which is an average daily flow of 200 gallons per day for water and 200 gallons per day for wastewater, of water and wastewater capacity to the Development.
- Expand the City’s Certificate of Convenience and Necessity (“CCN”) for water and wastewater to include the entire Development, including obtaining approval from the Texas Public Utility Commission by December 31, 2027, for the additional 141 acres owned by the MIA Lot Developer and not located within Improvement Area #1, and by December 31, 2031, for the remaining property in the District.
- None of Developer funds, PID funds, or TIRZ funds shall be used to pay the costs of any oversizing of public improvements.

The Development Agreement obligates the Developer to the following:

- Pay Aqua for release of its CCN in the estimated amount of \$4,815,701.59 due upon the PUC’s adoption of an order granting the transfer application and expiration of the time for any appeals.
- Reimburse the City for actual costs for legal and engineering to obtain PUC approval.
- Dedicate approximately 71.59 acres to the City for parks and community facilities, including a school site. The Developer has dedicated approximately 25 acres to Lockhart ISD.
- Construct approximately 2,500 linear feet of 8’ concrete hike and bike trails in the third phase of development.
- Construct seven half-acre pocket parks with approximately \$100,000 of improvements in each, including a minimum of six parking spaces.
- In the third phase of development, construct an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces;
- Construct storm water detention facilities so that they can provide recreational opportunities.

- Dedicate approximately 3 acres to the City for public safety or other City purposes other than water or sewer treatment.
- Pay \$5,000,000 to the City as a contribution toward costs of certain off-site Authorized Improvements and compensation for the District's consumption of existing capacity in the City's wastewater treatment plant, \$450,000 payable prior to final plat of phase 2, and \$4,550,000 payable prior to final plat for phase 3 of the Development, such payment to be credited against wastewater impact fees owed by the MIA Lot Developer or future builders.
- Pay not more than \$6,383,000 to the City as a contribution to the cost of design and construction of a 1-million-gallon elevated water storage tank and compensation for the District's consumption of existing capacity in the City's water treatment plant, \$600,000 payable prior to final plat of phase 2, and \$5,783,000 prior to final plat of phase 3 of the Development.
- Contribute 15% of the cost to design and construct the expansion and replacement of 13,700 linear feet of 21" sewer line, estimated cost to the Developer of \$1,567,620. The expansion and replacement are expected to occur in Phase 4 or Phase 5 of the Development.
- Provide the City with a tract to accommodate the location, construction, and operation of a minimum 1 million water storage tank. See the Concept Plan on page v for the expected location of such tract in "Phase 2."
- Provide the City with access easements to mutually acceptable sites within the Development for test wells and permanent easements for a maximum of three producing groundwater wells, such sites not to alter Concept Plan.

The following table from the Development Agreement shows the responsibilities for payment of costs of various public improvements, some of which are not eligible to be funded through the District. See "APPENDIX F – Development Agreement."

Infrastructure Item	Construction Responsibility	Cost Responsibility
Exhibit J - Water		
Elevated storage tank	City	Developer contributes \$ 6.383 million as described in Section 7.1(b);
Phase 1 Collector to water tank	Developer	Developer (PID funded/Developer dollars)
Phase 1 Extend 12" watermain on FM1322	Developer	Developer (PID funded/Developer dollars)
Exhibit K - Wastewater		
Treatment Plant Expansion	City	Developer contributes \$5 million as described in Section 7.1(a); remaining costs are City expense
Upsizing of 21" existing Gravity Sewer Interceptor	City	City to upsize with City funds provided that Developer will contribute 15% of the overall cost of such interceptor as described in Section 7.2(d)
Phase 1 Connect Force main to Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Sanitary Force main	Developer	Developer (PID funded/Developer dollars)
Phase 2 Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 12" Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Regional Lift Station	Developer	Developer (PID funded/Developer dollars)
Exhibit L1 – Off-site Roadway		
All items	Developer	Developer (PID funded/Developer dollars)

Photographs of the District

Photographs of the District are included in "APPENDIX H – Photographs of the District."

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of Improvement Area #1 of the District will be governed by the provisions of the City's Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City. The development of the property in the Major Improvement Area will be governed by the concept plan for the District and the Development Agreement. See the concept plan on page v.

Education

The District is located within Lockhart ISD. Lockhart ISD operates one early education center, six elementary schools, one junior high school, and two high schools. Students within the District are expected to attend Navarro Elementary School (approximately 3 miles from the District), Lockhart Junior High School (approximately 5 miles from the District), and either Lockhart High School (approximately 3 miles from the District) or Lockhart Pride High School (approximately 3.5 miles from the District). Lockhart ISD will construct a junior high school within the District which is expected to open to students in fall 2027.

GreatSchools.org rates Navarro Elementary School 4 out of 10, Lockhart Junior High School 4 out of 10, Lockhart High School 3 out of 10, and Lockhart Pride High School 2 out of 10. According to the Texas Education Agency accountability reports for the 2024-2025 school year, Lockhart ISD and Navarro Elementary School were rated "D" and Lockhart Junior High School, Lockhart High School, and Lockhart Pride High School were rated "C." (The categories for public school districts and public schools are A, B, C, D or F).

Environmental

Site Evaluation. A Phase I Environmental Site Assessment (the "IA#1 ESA") of the property within Improvement Area #1 of the District, dated April 13, 2022, was delivered by KJ Environmental Management, Inc. The IA#1 ESA did not reveal any evidence of recognized environmental conditions (historical or controlled) in connection with the land within Improvement Area #1 of the District.

A Phase I Environmental Site Assessment ("Additional Property ESA") of approximately 515.54 acres, including the property within the Major Improvement Area of the District, dated July 31, 2023, was delivered by ECS Southwest, LLP. The Additional Property ESA did not reveal any evidence of recognized environmental conditions (historical or controlled) in connection with the subject property, which includes the land in the Major Improvement Area.

Endangered and Threatened Species. According to the website for the Texas Parks and Wildlife Department, the following land-based endangered and threatened species are known or believed to occur in Caldwell County:

Endangered: *amphibians:* Texas blind salamander, Houston toad; *birds:* whooping crane, interior least tern; *fish:* fountain darter; *mollusks:* Guadalupe orb, false spike.

Threatened: *amphibians:* San Marcos Salamander; *birds:* white-faced ibis, wood stork, swallow-tailed kite, black rail, piping plover, rufa red knot, yellow-billed cuckoo; *fish:* headwater catfish, Guadalupe darter; *reptiles:* Cagle's map turtle, Texas horned lizard.

The Developer is not aware of any endangered or threatened species located on District property.

Traffic Impact Analysis

A Traffic Impact Study related to the development of Improvement Area #1 of the District, dated August 2023, was performed by Dougherty Engineering Group, PLLC. Such study recommended construction of four 700' left-turn lanes and one 180' right-turn lane, all of which the Developer has constructed or is constructing.

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

There are certain mineral rights reservations of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. The Developer is not aware of any ongoing mineral rights development or exploration adjacent to the District.

While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Additionally, any drilling within the City limits must comply with Chapter 38 of the City’s Code of Ordinances, including the requirement to obtain a permit and certain required setbacks from residences, schools, and other facilities. The property within Improvement Area #1 is within the City limits. Property within the Major Improvement Area is expected to be annexed into the City limits in phases as development progresses.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Third-Party Property Rights.”

Flood Plain

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains. See “BONDHOLDERS’ RISKS – Flood Plains.”

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the District. See “THE CITY – Water and Wastewater.”

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Cable/Data	Centric Fiber
Electric	Bluebonnet Electronic Cooperative
Gas	Centric

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 data and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by 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 Developer

ROED Prop Co LLC, a Texas limited liability company, is the Developer in Improvement Area #1. Red Oak is the manager of the Developer with 100% of the voting rights. Tom Staub is the manager of Red Oak.

Red Oak is also the majority member of the general partner of the MIA Lot Developer, which general partner has 100% of the voting rights with respect to the MIA Lot Developer.

The Developer was created for the purpose of managing and conveying the property within Improvement Area #1 to third parties. The Developer will have no source of funds with which to pay Improvement Area #1 Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within Improvement Area #1 of the District or funds advanced to the Developer by an affiliated party.

Examples of projects undertaken by Red Oak include the following:

Name of Project	Location	Description	Status of Development
Pepper Creek Crossing	Temple, Texas	Single Family Residential	Development complete
The Johnson	Cleveland, Ohio	Class B Apartments	Development complete
Honeysuckle Phase 1 and 2	Williams, Arizona	Single Family Residential	Development complete
Meadowview Estates	Luling, Texas	Single Family Residential	Development complete
Sherman 50	Sherman, Texas	Single Family Residential	Development complete
Georgetown Commercial	Georgetown, Texas	Commercial pad-site development	Development complete
Cedar Ridge Townhomes	Arlington, Texas	Class B Multifamily	Development complete
Mesquite Cartwright Medical Office Building	Mesquite, Texas	Multi-Tenant Medical Office	Development complete
Royal Sienna	Missouri City, Texas	Class A Luxury Multifamily	Development complete
The Lakes at Renaissance	Austin, Texas	Class B Multifamily	Development complete
Temple Flex Industrial	Temple, Texas	Flex Industrial	In entitlements
Prairie Lea	Caldwell County, Texas	Single Family Residential	In entitlements
The Gristmill	Caldwell County, Texas	Single Family Residential	In entitlements
Seguin 80	Seguin, Texas	Single Family Residential	In entitlements
Dale 25	Dale, Texas	Single Family Residential	Development complete
Pinehaven	Flagstaff, Arizona	Residential (condos and townhomes)	In entitlements

Executive Biographies of Principals of the Developer

Tom Staub. Tom Staub is the Chief Executive Officer of Red Oak. As CEO, Tom oversees the underwriting of projects, financial planning, debt and equity strategy, company growth and mission, and is focused on the viability of projects, partnerships, and land use strategy.

David Teo. David Teo is a partner at Red Oak. He oversees capital strategy which includes structuring project capital stack, compliance, and investor management. David is also responsible for developing strategic partnerships with commercial developers and businesses to development commercial products within Red Oak's master planned communities.

Mike Miller. Mike Miller is Executive Vice President of Real Estate and Community Development at Red Oak. Mike oversees builder partnerships and negotiations, commercial partnership executions, homeowners' association formation and execution, homeowners' association covenants, conditions, and restrictions and architectural standard compliance, construction partnerships and negotiations, and land acquisition feasibility and underwriting. Prior to joining Red Oak, Mike was Senior Vice President of the Land Division at the Signorelli Company, one of Houston's largest land development companies, overseeing the master planned community division. Prior to Signorelli, Mike was Vice President at Ashlar Development, held roles in land acquisition for Taylor Morrison and CalAtlantic Homes. Mike has a Master's Degree in Real Estate Development from Texas A&M University.

History and Financing of the District

Acquisition of Land Within the District. The Developer purchased approximately 89.775 acres constituting Improvement Area #1 in August 2021 using investor funds and proceeds from a loan in the principal amount of \$2,800,000 from Loan Ranger Capital Investments REIT, LLC (the "Acquisition Loan"). The Acquisition Loan was refinanced by the Construction Loan (defined below).

The MIA Lot Developer purchased approximately 141.2 acres within the Major Improvement Area in September 2024 using a loan from Capstone Fund, LLC in the original principal amount of \$6,300,000 (the "Capstone Loan"). The Capstone Loan is secured by the 141.2 acres owned by the MIA Lot Developer in the Major Improvement Area of the District and additional land owned by a Red Oak affiliate. Red Oak is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 175 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 182 acres to be purchased by July 2029. As of January 1, 2026, the Capstone Loan is currently outstanding in the amount of \$6,300,000.

Improvement Area #1 Improvements and Major Improvements Construction Financing. The Developer obtained a construction loan (the "Construction Loan") in the principal amount of \$23,800,000 in October 2024 from Techo Funding, LLC, a Delaware limited liability company. The Construction Loan is secured by a deed of trust on all real property in Improvement Area #1 of the District. The Construction Loan matures on May 1, 2027. As of January 1, 2026, the outstanding balance of the Construction Loan is \$16,484,789.34.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the development of the District, the Developer has 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 Improvement Area #1 Assessments securing the Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Improvement Area #1 Assessments is listed in the following table and more fully described above.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Amount	Outstanding Balance
Dreamfinders, CastleRock, Brightland ⁽¹⁾	Cash	earnest money	Performance Deeds of Trust ("PDOT") on land in Improvement Area #1	subordinate	\$3,279,025	\$3,279,025
Techo Funding, LLC	Promissory Note	Construction Loan	Deed of Trust on land in Improvement Area #1	subordinate	\$23,800,000	\$16,484,789.34
Total Outstanding Balance of Equity and Loans Secured by a Subordinate Lien Against Real Property within Improvement Area #1 of the District as of January 1, 2026:						\$19,763,814.34

⁽¹⁾ See "THE DEVELOPMENT – Homebuilders, Lot Purchase Agreements, and Letter of Intent within Improvement Area #1."

The PID Act provides that the Assessment Lien is a first and prior lien against the Improvement Area #1 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 prior to delivery of the Bonds, Techo Funding, LLC, will acknowledge the creation of the District, the levy of the Improvement Area #1 Assessments, and the subordination of the liens securing the Construction Loan to the Assessment Lien. As provided by the PID Act and acknowledged by Techo Funding, LLC, the Assessment Lien will have priority over the liens on the property within Improvement Area #1 of the District securing the Construction Loan, and any other loans that may be obtained by the Developer or its affiliates.

THE ADMINISTRATOR

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

The City has selected P3Works, LLC, as the Administrator. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston, and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel identification numbers 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 public improvement costs.

APPRAISAL

General. Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report for the City dated January 27, 2026, based upon a physical inspection of the District conducted on June 30, 2025 (the "Appraisal"). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in Improvement Area #1 of the District in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value and do not address the value or benefit of the Improvement Area #1 Projects. Investors should not assume that the disposition of the lots in the District in the event of default would provide sufficient funds to pay the principal of the Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX I 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 I – Appraisal."

Value Estimates. The Appraiser estimated the "upon completion" bulk market value as of the substantial completion date of November 1, 2025, of the fee simple interest in the lots in Improvement Area #1 of the District.

The Appraisal does not reflect the value of the property within the District as if sold to a single purchaser in a single transaction. See “APPENDIX I – Appraisal.”

Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, the “upon completion” bulk market value as of November 1, 2025, of the fee simple interest of real property in Improvement Area #1 of the District, is \$32,140,000.*

None of the City, the Developer, the Financial Advisor, or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions and qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized and none of the City, the Developer, or the Underwriter make any representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City’s employees, representatives, and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions, and other matters, many of which are beyond the Appraiser’s control and the City’s control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser’s analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser’s appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser’s internal forecasts of net operating income for the properties in Improvement Area #1 of the District is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. 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.

* The Appraisal assumes that all lots within Improvement Area #1 will be complete on November 1, 2025. However, the 203 lots in Phase 1 of Improvement Area #1 were completed in January 2026, and the 211 lots in Phase 2 of Improvement Area #1 are expected to be complete in June 2026. See “THE DEVELOPMENT– Expected Lot Buildout and Absorption and Home Prices in the District.”

BONDHOLDERS' RISKS

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

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. See “– Limited Secondary Market for the Bonds.”

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. See “– No Credit Rating.”

Deemed Representations and Acknowledgment by Initial Purchasers

Each Initial Purchaser will be deemed to have acknowledged and represented to the City the matters set forth under the heading “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS' RISKS” and elsewhere herein, and each Initial Purchaser, 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 Initial Purchaser can afford a complete loss of its investment in the Bonds.

General Factors relating to Payment of the Bonds

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #1 of the District to pay Improvement Area #1 Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions 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 Improvement Area #1 of 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 Improvement Area #1 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the land within Improvement Area #1 of the District should proceed more slowly than expected and the Developer is unable to pay the Improvement Area #1 Assessments, only the value of the Improvement Area #1 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 Improvement Area #1 of 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.

Assessment Limitations

Annual Installments of Improvement Area #1 Assessments are billed to owners of Improvement Area #1 Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as described 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 the Bonds maturing in each year, interest, Additional 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 Improvement Area #1 Assessments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a Reserve Account in the Reserve Fund, 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 an Improvement Area #1 Assessed Property within the District, any Improvement Area #1 Assessment that is 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 Improvement Area #1 Assessments, the liens securing such delinquent ad valorem taxes and delinquent Improvement Area #1 Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Improvement Area #1 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 Annual Installments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future Annual Installments 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 Pre-existing Homestead Rights were properly claimed prior to the adoption of the Assessment Ordinance for as long as such Pre-existing Homestead Rights are maintained on the property. It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights are expected to have been claimed. Furthermore, the Developer is

not eligible to claim homestead rights and the Developer has represented that it will own all property within Improvement Area #1 of the District as of the date of adoption of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Improvement Area #1 Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien 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 Improvement Area #1 Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE IMPROVEMENT AREA #1 ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE 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 IMPROVEMENT AREA #1 ASSESSED PROPERTY.

Direct and Overlapping Indebtedness, Improvement Area #1 Assessments, and Taxes

The ability of an owner of Improvement Area #1 Assessed Property to pay the Improvement Area #1 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 Improvement Area #1 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1 of the District. The imposition of additional liens, whether from taxes, assessments, or for private financing, may reduce the ability or willingness of the landowners to pay the Improvement Area #1 Assessments. See "OVERLAPPING TAXES AND DEBT."

Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account

Failure of the owners of Improvement Area #1 Assessed Property to pay the Improvement Area #1 Assessments when due could result in the rapid, total depletion of the Reserve Account and the Delinquency and Prepayment Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in "SECURITY FOR THE BONDS SIMILARLY SECURED – 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, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund." The Indenture also provides that if the amount on deposit in the Delinquency and Prepayment Reserve Account shall at any time be less than the Delinquency and 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 Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that the City shall not be required to replenish the Delinquency and Prepayment Reserve Account in the event funds are transferred from the Delinquency and 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 SIMILARLY SECURED – Reserve Fund."

Lien Foreclosure and Bankruptcy

The payment of Improvement Area #1 Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessments might not be paid in full. See “OVERLAPPING TAXES AND DEBT.”

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds Similarly Secured, including the Bonds, or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of a Quarter in Interest of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds Similarly Secured 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 Similarly Secured cannot themselves foreclose on property within Improvement Area #1 of the District in order to pay the principal of and interest on the Bonds Similarly Secured. The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured further may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS – Bankruptcy Limitation to Bondholders’ Rights.”

Any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a property owner within Improvement Area #1 of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Improvement Area #1 Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued,” in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon

the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the Holders 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 Similarly Secured 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 (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to Holders of the Bonds Similarly Secured, including 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 Similarly Secured or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #1 of the District available to pay debt service on the Bonds Similarly Secured may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments, and Improvement Area #1 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 Similarly Secured, including the Bonds, or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the Holders of the Bonds Similarly Secured, including the Bonds, may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 ("Chapter 9"). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith

with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the Holders of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt. The City cannot predict a Bankruptcy Court's treatment of the Holders' creditor claim and whether a Holder would be repaid in full.

State Law Requiring Notice of Improvement Area #1 Assessments; Failure of Developer and Homebuilders to Deliver Required Notice Pursuant to Texas Property Code

The 87th Legislature passed HB 1543, which became effective September 1, 2021, 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 a Homebuilder does not provide the required notice and prospective purchasers of property within Improvement Area #1 of 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 Improvement Area #1 Assessments on such property may be paid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." 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 a Homebuilder does 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 Exhibit M to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX C – Form of Service and Assessment Plan."

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State, including two special sessions, ended on September 4, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

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 a Holder 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 Holders of the Bonds, depending on the progress of development of the Improvement Area #1 Assessed Property, existing real estate and financial market conditions, and other factors.

No Credit Rating

The City has not applied for or received a credit rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to their 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.

Adverse Developments Affecting the Financial Services Industry

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. In the recent past troubled financial institutions have been closed and/or swept into receivership by the Federal Deposit Insurance Corporation (“FDIC”) or acquired by or received cash rescue packages from more solvent financial institutions. Borrowers under credit agreements, letters of credit, and certain other financial instruments with any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts for an unspecified period.

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Improvement Area #1 Assessments are an imposition against the

land only. Neither the Developer nor any other subsequent landowner is a guarantor of the Improvement Area #1 Assessments and the recourse for the failure of the Developer or any other landowner to pay the Improvement Area #1 Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract's conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money back. See "THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District."

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the Developer, the Homebuilders, and any subsequent owners to pay the Improvement Area #1 Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Improvement Area #1 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 Improvement Area #1 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. It is difficult to determine what effects the on-again, off-again tariffs imposed by the federal administration and retaliatory tariffs against the United States will have on inflation and mortgage interest rates. Downturns in the real estate market and other factors beyond the control of the Developer and the Homebuilders, 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 and Labor Shortages

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the Developer and the Homebuilders to estimate costs. If the Actual Costs of the Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Projects, of the Homebuilders to construct homes, or the Developer or the Homebuilders to pay the Improvement Area #1 Assessments when due. See "THE DEVELOPER – History and Financing of the District." If the cost of materials remains high or increases, it may affect the ability of the Homebuilders to construct homes within Improvement Area #1 of the District.

The federal administration's immigration policies may impact the State's workforce. Undocumented construction workers make up a large percentage of construction workers in the State. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages, particularly in construction. Labor shortages will impact the Developer's ability to estimate costs and to complete the Improvement Area #1 Projects and the Homebuilders' ability to construct homes within Improvement Area #1 of the District.

Completion of Homes

The cost and time for completion of homes by the Homebuilders is uncertain and may be affected by 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 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 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.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates may adversely affect the estimated value of Improvement Area #1 of the District, could impair the economic viability of Improvement Area #1 of the District, and could reduce the ability or desire of property owners in Improvement Area #1 of the District to pay the Improvement Area #1 Assessments.

Competition

The housing industry in the greater Austin 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 of the single-family residential development within the District which are planned will ever commence or be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or the Homebuilders in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in Improvement Area #1 of the District.

Competitive projects in the area include, but are not limited to the following:

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District</u>	<u>Developer</u>	<u>Prices</u>
Summerside	1,008	< 1 mile	Lennar	\$218k-\$355k
Centerpoint Meadows	498	5 miles	British American Development Corp.	\$249k-348k
Hartland Ranch	301	8 miles	D.R. Horton	\$388k-\$405k
Trace	1,022	25 miles	Highpointe Communities	\$255k-\$450k
Blanco Vista	2,238	20 miles	Brookfield Residential	\$324k-\$470k

Source: The Developer

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

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 Improvement Area #1 of 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 Improvement Area #1 of 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 Improvement Area #1 of 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 Improvement Area #1 of 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. These possibilities could significantly affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for discussion of the environmental site assessments performed on property within the District.

Regulation

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

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, as applicable. 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.”

Portions of the State, including the City and its surrounding area, are experiencing significant growth, which has produced and is expected to continue to produce a growing demand for water and wastewater service. The ability of the City to provide an adequate supply of water and sufficient capacity for treatment of wastewater, as applicable, is dependent on many factors, including, but not limited to, supply and demand of materials to complete necessary water and wastewater improvements, compliance with the Texas Commission on Environmental Quality regulations, the effects of extreme weather events on such entities’ water and wastewater systems, and the construction of developments competing with the District. See “THE DEVELOPMENT – Utilities,” “BONDHOLDERS’ RISKS – General Risks of Real Estate Investment and Development,” “– Risks Related to Recent Increase in Costs of Building Materials,” “– Competition,” “– Regulation,” and “– Risk from Weather Events.”

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that such growing demand may have on the City, the District, the projected buildout schedule, availability of water and wastewater service to the District or an investment in the Bonds.

Flood Plains

According to the FEMA FIRM Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains.

FEMA will from time to time revise its FIRMs. None of the City, the Underwriter, or the Developer makes any representation as to whether FEMA may revise its FIRMs, whether such revisions may result in homes that are currently outside of the 500-year or 100-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.

Risk from Weather Events

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, wildfires, hurricanes, tropical storms, 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 herein under “THE DEVELOPMENT – Mineral Rights, Easements and Other Third-Party Property Rights,” there are certain mineral rights reservations located within the District not owned by the Developer. There may also be additional third-party rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Caldwell County.

The Developer does not expect the existence or exercise of any third-party rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay Improvement Area #1 Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Tax Exempt Status of the Bonds

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds Similarly Secured, including 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,” 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. In the past, the IRS announced audit efforts focused in part on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. 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 Holders of the Bonds 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.

Management and Ownership

The management and ownership of the Developer, the Homebuilders, 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 District.

Dependence Upon Developer and Homebuilders

Currently, the Developer has the obligation for payment of 100% of the Improvement Area #1 Assessments. The ability of the Developer to make full and timely payment of the Improvement Area #1 Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the Developer are land within the District, related permits, and development rights and minor operating accounts. 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 Improvement Area #1 Assessments if necessary, or as to whether the Developer will advance such funds. See “THE DEVELOPER – Description of the Developer.”

None of the Developer, the Homebuilders, or any other homebuilders will guarantee or otherwise be obligated to pay debt service on the Bonds. Payment of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property will initially be the responsibility of the Developer and/or the Homebuilders, as the case may be, as the owners of such Improvement Area #1 Assessed Property prior to purchase by homeowners.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The 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 and specified therein. The estimated market value specified in the Appraisal 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 Improvement Area #1 of 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 Improvement Area #1 of the District.

In performing its analyses, an Appraiser makes 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 and the date of the Appraisal.

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.

TIRZ Annual Credit Amount and Marketing of the Development

The TIRZ Revenues are generated only from certain ad valorem taxes levied and collected by the City and the County, respectively, on the captured appraisal value in the TIRZ in any year. Any delay or failure by the Developer or the Homebuilders to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit the Improvement Area #1 Assessments. The ability of the TIRZ Annual Credit Amount to reduce the Annual Installments within the District is dependent on the actual buildout values in the District meeting the projections for the estimated buildout value described in the Service and Assessment Plan. See “OVERLAPPING TAXES AND DEBT” and “APPENDIX C –Service and Assessment Plan.”

If the City and the County contribute the TIRZ Revenues to the payment of the Improvement Area #1 Projects, each such entity will deposit less tax revenue into its general fund for use on public services, such as police and fire protection. Application of the TIRZ Annual Credit Amount may affect the City’s and the County’s ability to provide for such basic services.

The TIRZ No. 1 Revenues contributed by the City constitute revenues collected by the City from a portion of its ad valorem tax rate levied on parcels within the Improvement Area #1 of the District. Effective September 1, 2025, if the Attorney General of the State determines that a municipality has not had its records and accounts audited, has not had an annual financial statement prepared based on such audit, and has not filed such financial statement and auditor’s opinion on such statement in the office of the municipal secretary or clerk before the 180th day of such municipality’s fiscal year end, as required by Section 103.003, Texas Local Government Code, as amended, the municipality may not adopt an ad valorem tax rate that exceeds its no-new-revenue tax rate for the tax year that begins on or after the date of the Attorney General’s determination and any subsequent tax year that begins before such statement and opinion are filed. The adoption of a no-new-revenue tax rate could result in a reduction of the TIRZ No. 1 Annual Credit Amount for such year. For each of the five most recently completed fiscal years for which the filing has come due pursuant to Section 103.003 (fiscal years ending 2019-2024), the City has made its filing within the 180-day deadline.

It is uncertain what impact, if any, the TIRZ Annual Credit Amount application to the Annual Installments will have on the underwriting of residential mortgages. If the underwriter of residential mortgages does not recognize the TIRZ Annual Credit Amount, it may make it more difficult for a borrower to qualify for a home mortgage which could have a negative impact on home sales and projected absorption.

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.

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 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 in the City’s federal tax certificate. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with 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 corporations' "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 Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

McCall, Parkhurst & Horton L.L.P., serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special

obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable solely from a first lien on, security interest in, and pledge of 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" and "– Additional Indebtedness" (first paragraph only), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED" (except for the subcaption "Amount of Improvement Area #1 Assessments May be Reduced by TIRZ Annual Credit Amount," as to which no opinion is expressed), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts," as to which no opinion is expressed), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (except for the final paragraph thereof, as to which no opinion is expressed), "LEGAL MATTERS – Legal Opinions" (except for the final paragraph thereof, as to which no opinion is expressed), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B – Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation – The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, 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 Improvement Area #1 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 manager or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement, the Improvement Area #1 Construction, Funding, and Acquisition Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a "Material Adverse Effect").

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the Administrator, and UMB Bank, N.A. (in such capacity, the “Dissemination Agent”), will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”) for the benefit of the Holders 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 Holders 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

Except as hereinafter described, during the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule, with the submission of their Annual Comprehensive Financial Report (“ACFR”). In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for the last year have consisted of the City’s related ACFR, which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFRs but can be derived from information in the ACFRs.

The Developer

The Developer, the Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Holders 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 Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 – Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of the Developer or the 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 Holders of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent, and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer will not agree to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agree 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 any continuing disclosure agreements.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of \$ _____ (representing the par amount of the Bonds, less an underwriting discount of \$ ____). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the insider cover 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.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., 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 umb.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.

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Development generally and, in particular, the information included in the maps in this Limited Offering Memorandum and in the sections captioned "PLAN OF FINANCE" (other than the subcaption "– The Bonds"), "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," and "THE DEVELOPER," and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Projects, and the Development), "LEGAL MATTERS – Litigation – The Developer," "CONTINUING DISCLOSURE – The Developer" and "– The Developer's Compliance with Prior Undertakings," "APPENDIX E-2," "APPENDIX F," and "APPENDIX G" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, 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 Barletta & Associates, Inc., and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Barletta & Associates, Inc., 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 ninety (90) days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The City Council has approved by resolution the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

General Information

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

Historical Employment in Caldwell County

The following information has been provided for informational purposes only.

	Average Annual				
	2025 ⁽¹⁾	2024	2023	2022	2021
Civilian Labor Force	25,576	24,820	24,012	22,595	21,463
Total Employed	24,633	23,925	23,182	21,829	20,452
Total Unemployed	943	895	830	766	1,011
Unemployment Rate	3.7%	3.6%	3.5%	3.4%	4.7%

⁽¹⁾ Data through November 2025.

Source: Texas Workforce Commission

Major Employers in the City

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

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lockhart ISD	790	7.73%
Walmart	225	2.20%
MTC (Lockhart Correctional)	175	1.71%
H.E.B. Food Store	170	1.66%
Pegasus School, Inc.	149	1.46%
City of Lockhart	149	1.46%
Ziegenfelder	100	0.98%
Student Transportation Specialist	85	0.83%
Pure Castings Company	75	0.73%
Fashion Glass & Mirror	70	0.69%
Total	1,988	19.46%

Source: Annual Comprehensive Annual Financial Report of the City for the year ended September 30, 2024.

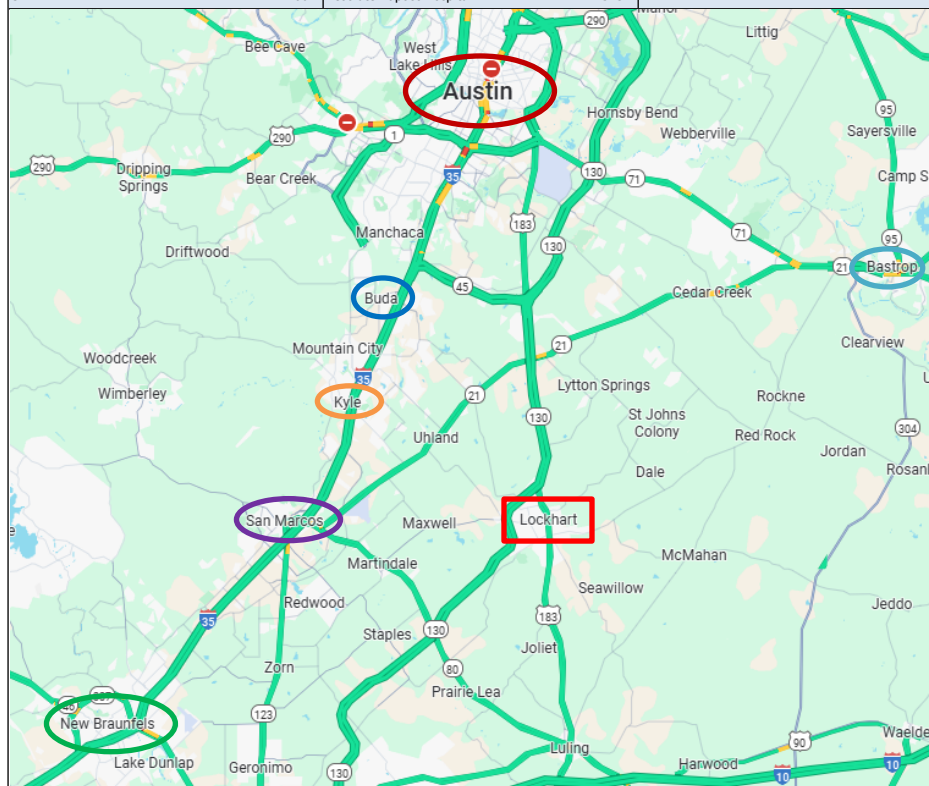
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REGIONAL EMPLOYMENT

Surrounding Economic Activity

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

City of San Marcos, TX (2024)		City of New Braunfels, TX (2024)		City of Kyle, TX (2024)		City of Buda, TX (2021)	
Approximately 18 Miles from the City		Approximately 36 Miles from the City		Approximately 18 Miles from the City		Approximately 25 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Amazon	5,000	Comal ISD	3,699	Hays CISD	3,258	Capital Excavation	315
Texas State University	3,730	Schlitterbahn Water Park	2,140	Seton Medical Center Hays	1,171	H-E-B Grocery	249
Premium Outlets San Marcos	1,600	TaksUs	1,397	Amazon	700	Wal-Mart	240
Tanger Factory Outlets	1,540	New Braunfels ISD	1,351	City of Kyle	349	ProBuild	222
San Marcos CISD	1,400	Wall-Mart Distribution Center	1,050	Lowes	100	Fat Quarter Shop	215
Hays County	885	City of New Braunfels	900	Home Depot	100	Cabela's	196
City of San Marcos	758	Comal County	838	Austin Community College Hays	80	Texas Lehigh	180
HEB Distribution Center	750	Christus Santa Rosa Hospital	600	Plastikon	65	US Food Service	159
Central Texas Medical Center	675	Rush Enterprises	600	SIMWON	38	Hays Community YMCA	157
CFAN	460	Resolute Baptist Hospital	513	ENF	25	Capital Spectrum	150



City of Bastrop, TX (2024)	
Approximately 31 Miles from the City	
Employer	Employees
Bastrop ISD	1,073
Bastrop County	800
Wal-Mart	541
Hyatt	443
Bluebonnet Electric Co-op	424
MD Anderson Cancer Center	353
Ascension Seton	298
Home Depot	200
H.E.B. Grocery Co.	136
Marketing Members LLC	130

City of Austin, TX (2024)	
Approximately 30 Miles from the City	
Employer	Employees
State Government	40,460
University of Texas at Austin	32,193
HEB	22,955
City of Austin	16,195
Ascension Seton	14,842
Federal Government	14,700
Dell Computer Corporation	13,000
Tesla, Inc.	12,277
St. David's Healthcare	11,484
Amazon	11,000

Source: Municipal Advisory Council of Texas

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APPENDIX B
FORM OF INDENTURE

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APPENDIX C
FORM OF SERVICE AND ASSESSMENT PLAN

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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APPENDIX F
DEVELOPMENT AGREEMENT

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APPENDIX G

FORM OF IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

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APPENDIX H
PHOTOGRAPHS OF THE DISTRICT

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APPENDIX I

APPRAISAL

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action regarding Resolution 2026-11, to approve the form and authorizing the distribution of a Preliminary Limited Offering Memorandum for City of Lockhart, Texas Special Revenue Bonds, Series 2026—Seawillow Ranch Public Improvement District, Major Improvement Area.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: This action approves the Preliminary Limited Offering Memorandum ("PLOM") related to the Seawillow Public Improvement District Major Improvement Area Bonds. The PLOM is the disclosure document that the City's underwriter, FMS Bonds, will use to market the bonds to potential investors. The PLOM has been reviewed by all parties involved in the bond issuance, including the City's Bond Counsel, City Attorney, Financial Advisor and PID Consultant.

PROJECT SCHEDULE (if applicable): None

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): None

PREVIOUS COUNCIL ACTION: The PLOM is a step in the creation of the Public Improvement District, as authorized in the approval of the Seawillow Development Agreement on June 18, 2024.

COMMITTEE/BOARD/COMMISSION ACTION: None

STAFF RECOMMENDATION/REQUESTED MOTION: Approval of Resolution 2026-11 approving the form and offering a p

LIST OF SUPPORTING DOCUMENTS: Resolution 2026-11 Approving PLOM Major Improvement Area, Lockhart Seawillow Ranch MIA 2026 - PLOM Exhibit A

RESOLUTION NO. 2026-11

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY LIMITED OFFERING MEMORANDUM FOR "CITY OF LOCKHART, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026 (SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)"

WHEREAS, this City Council (the "Council") of the City of Lockhart, Texas (the "City") has adopted a resolution authorizing the creation of the Seawillow Ranch Public Improvement District (the "District"); and

WHEREAS, this Council intends to issue "City of Lockhart, Texas Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the "Bonds"), to fund public improvements within the District; and

WHEREAS, there has been presented to this Council a substantially final Preliminary Limited Offering Memorandum relating to the Bonds (the "Preliminary Limited Offering Memorandum"), attached hereto as Exhibit A; 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 Underwriter for the Bonds, FMSbonds, Inc.; 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 LOCKHART, 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, attached hereto as Exhibit A, 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, Assistant City Manager or the City Attorney. 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.

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PASSED AND APPROVED on this 17th day of February, 2026.

THE CITY OF LOCKHART, TEXAS

By: _____
Lew White, Mayor

ATTEST:

By: _____
Julie Bowermon, City Secretary

APPROVED TO FORM:

By: _____
Brad Bullock, City Attorney

Signature Page

EXHIBIT A

Preliminary Limited Offering Memorandum
(Major Improvement Area)

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 18, 2026

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 McCall, Parkhurst & Horton L.L.P., Bond Counsel to the City, interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion, subject to the matters described under “TAX MATTERS,” including the alternative minimum tax on certain corporations.

\$9,959,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)

Sale Date: March 3, 2026

Interest accrues from the Closing Date (defined below)

Due: September 1, as shown on inside cover

The City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the “Bonds”), are being issued by the City of Lockhart, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2026, 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 UMB Bank, N.A., 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”), and an Indenture of Trust expected to be entered into by and between the City and the Trustee (the “Indenture”). *Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.* See “APPENDIX B – Form of Indenture.”

Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Major Improvement Area Improvements (defined herein), (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvements. See “THE MAJOR IMPROVEMENT AREA 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 a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Major Improvement Area Assessments levied against Major Improvement Area Assessed Property in the District in accordance with a Service and Assessment Plan, 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 SIMILARLY SECURED.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described under the subcaption “DESCRIPTION OF THE BONDS – Redemption Provisions.”

The Bonds are the initial series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds involve a significant degree of risk, are speculative in nature, and are not suitable for all investors. See “BONDHOLDERS’ RISKS.” The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. Prospective purchasers should carefully evaluate the risks and merits of an investment in the Bonds, should consult with their legal and financial advisors before considering a purchase of the Bonds, and should be willing to bear the risks of loss of their investment in the Bonds. The Bonds are not credit enhanced or rated and no application has been made for a rating on the Bonds.

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE TRUST ESTATE IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED 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 SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY ASSETS OF THE CITY OTHER THAN THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall, Parkhurst & Horton, L.L.P., Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D – Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the City by its City Attorney, Messer Fort PLLC, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Greenberg Traurig, LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 26, 2026 (the “Closing Date”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: ^(a)

\$9,959,000*
CITY OF LOCKHART, TEXAS,
(a municipal corporation of the State of Texas located in Caldwell County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026
(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)

\$ _____ % Term Bonds, Due September 1, 20 __, Priced to Yield _____ %; CUSIP Suffix: _____ ^{(a) (b) (c)}

\$ _____ % Term Bonds, Due September 1, 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 S&P Global Market Intelligence on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 1, 20 __, are subject to redemption before their respective scheduled maturity dates, in whole or in part, at the option of the City, on any date on or after September 1, 20 __, at the redemption prices 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 described herein under "DESCRIPTION OF THE BONDS – Redemption Provisions."

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* Preliminary; subject to change.

CITY OF LOCKHART, TEXAS

Elected Officials

<u>NAME</u>	<u>TERM EXPIRES (NOVEMBER)</u>
Lew White, Mayor	2026
Juan Mendoza, Councilmember District 1	2027
John Castillo, Councilmember District 2	2027
John Lairsen, Councilmember District 3	2026
Jeffry Michelson, Councilmember District 4	2026
Brad Westmoreland, Councilmember At-Large	2027
Taylor Burge, Councilmember At-Large	2027

Selected Administrative Staff

CITY MANAGER

Joseph Resendez

CITY SECRETARY

Julie Bowermon

FINANCE DIRECTOR

Keeli Michna

CITY ATTORNEY

Messer Fort, PLLC

BOND COUNSEL

McCall, Parkhurst & Horton, L.L.P.
Austin, Texas

FINANCIAL ADVISOR

Specialized Public Finance, Inc.
Austin, Texas

PID ADMINISTRATOR

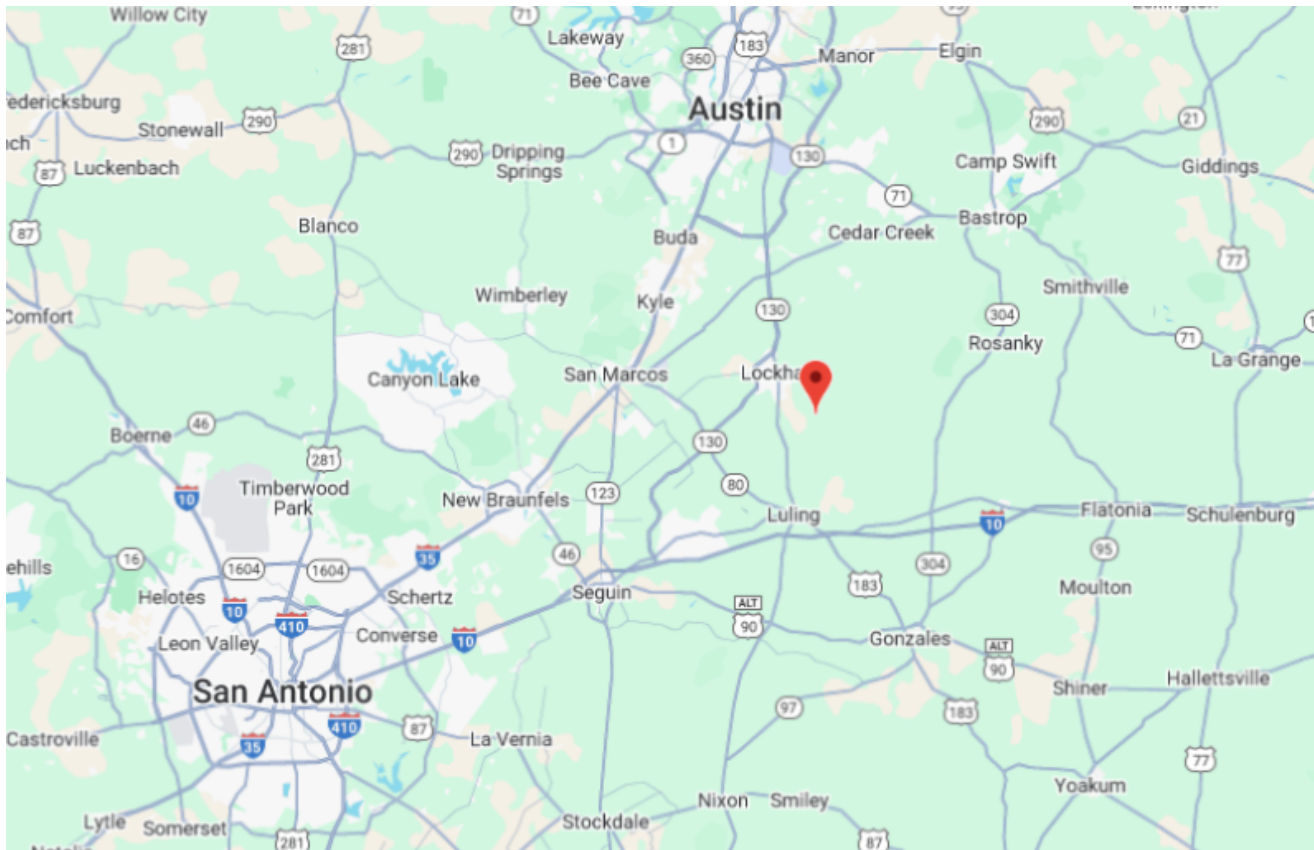
P3Works, LLC
Austin, Texas

For additional information regarding the City, please contact:

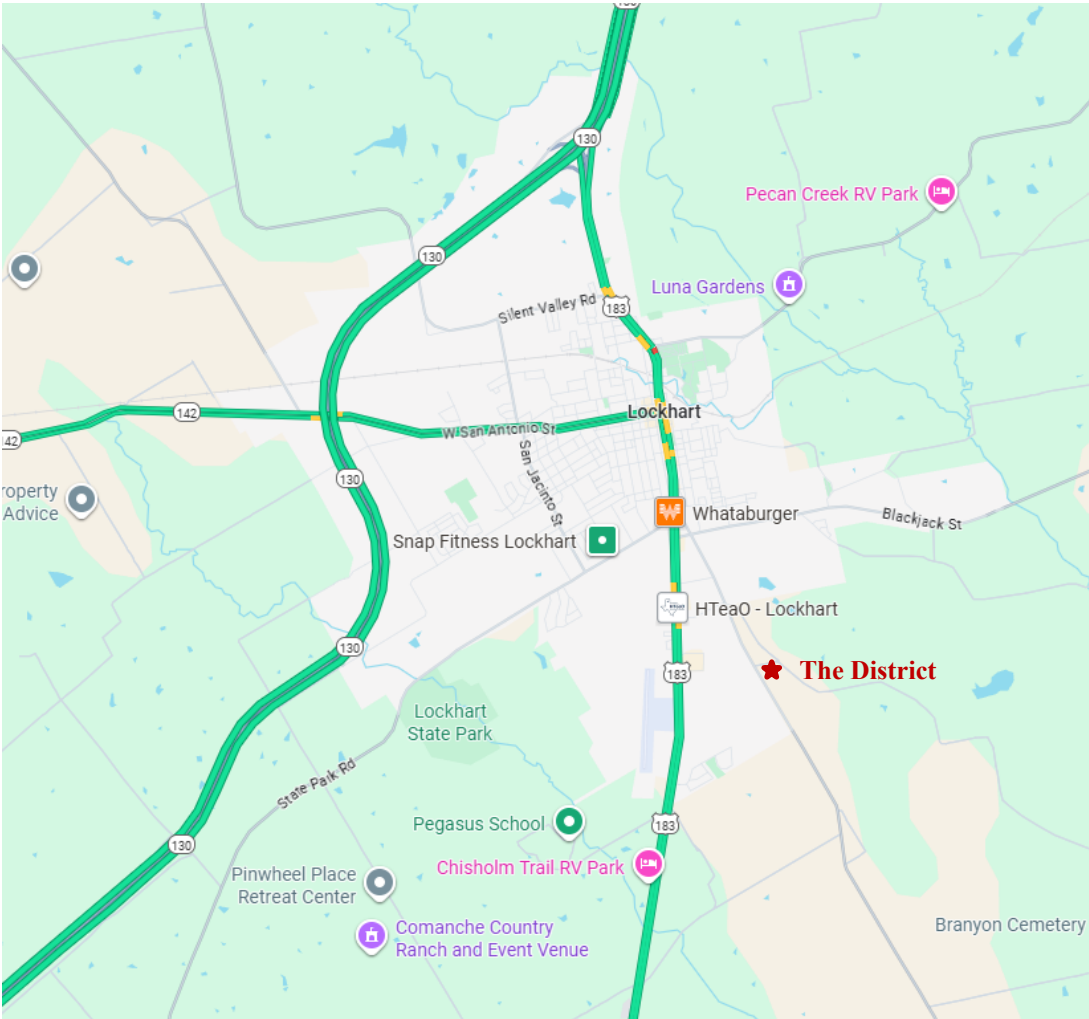
Joseph Resendez
City Manager
City of Lockhart, Texas
308 W. San Antonio St.
Lockhart, Texas 78644
(512) 398-3461

Jennifer Ritter
Managing Director
Specialized Public Finance, Inc.
248 Addie Roy Rd., Suite B-103
Austin, Texas 78746
(512) 275-7304

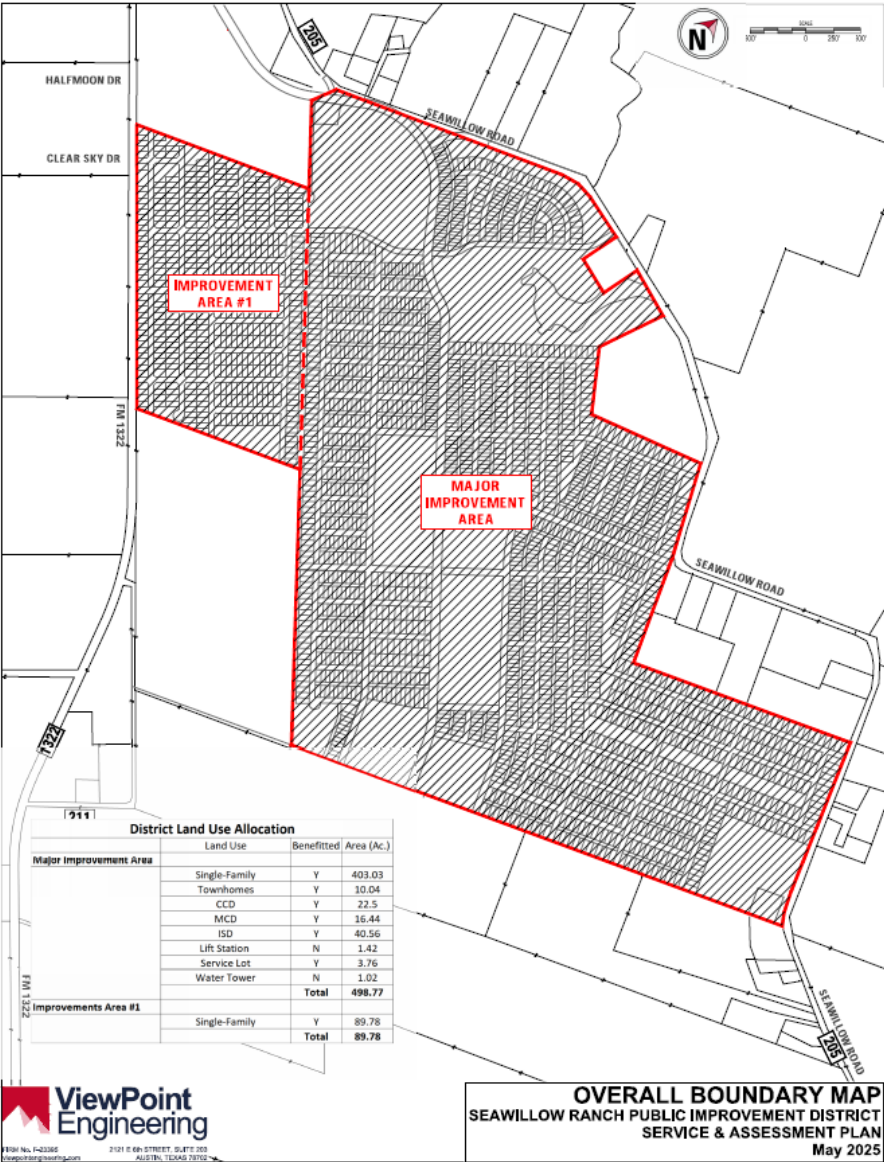
REGIONAL LOCATION MAP OF THE DISTRICT



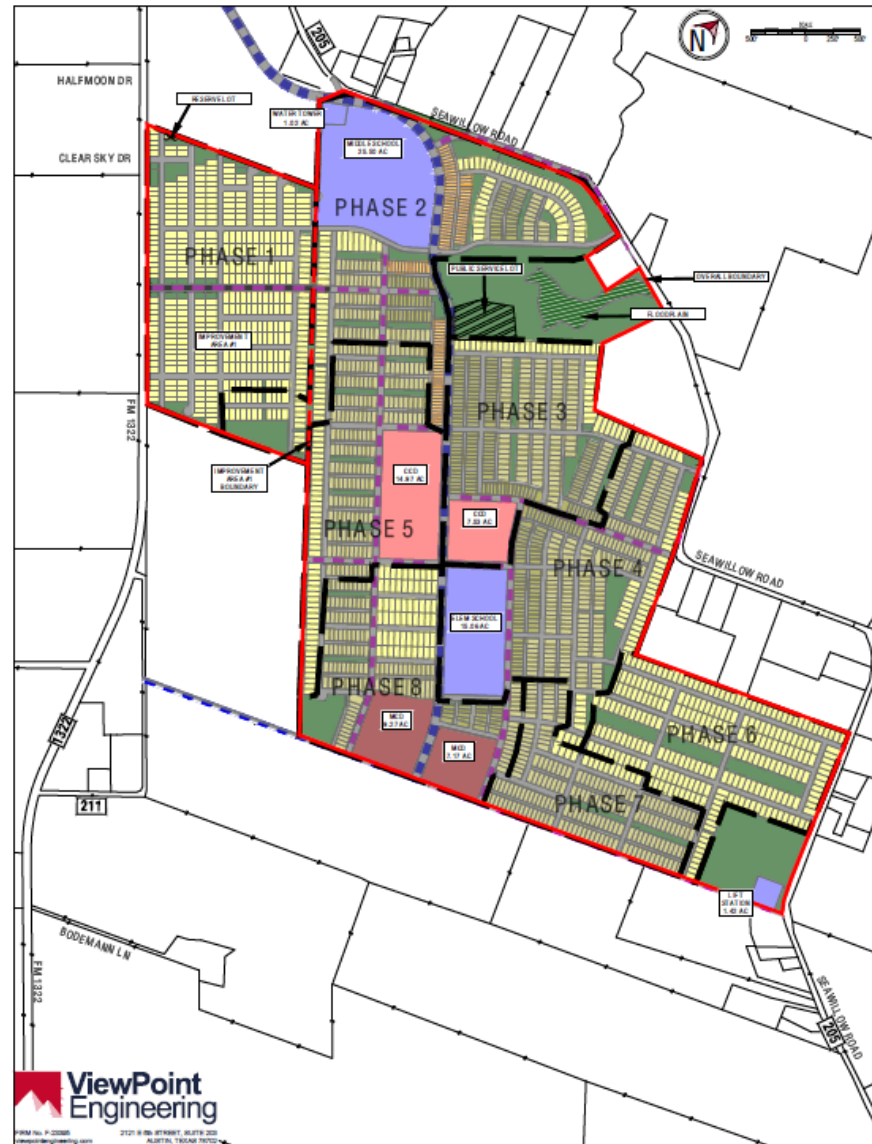
AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1, AND THE MAJOR IMPROVEMENT AREA



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 (THE "RULE" OR "RULE 15C2-12"), THIS DOCUMENT CONSTITUTES AN "OFFICIAL STATEMENT" OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN "DEEMED FINAL" BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION OF NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

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

THE INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED AND SOLD ONLY TO "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." EACH INITIAL PURCHASER, BY ACCEPTING THE BONDS, AGREES THAT IT WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND REPRESENTATIONS DESCRIBED UNDER THE HEADING "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS."

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

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

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

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

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

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, THE RULE.

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APPENDIX C	Form of Service and Assessment Plan
APPENDIX D	Form of Opinion of Bond Counsel
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APPENDIX E-2	Form of Disclosure Agreement of Developer
APPENDIX F	Development Agreement
APPENDIX G	Form of Major Improvement Area Construction, Funding, and Acquisition Agreement
APPENDIX H	Photographs of the District
APPENDIX I	Appraisal

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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$9,959,000*

CITY OF LOCKHART, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2026

(SEAWILLOW RANCH PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA)

INTRODUCTION

The purpose of this Preliminary Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Lockhart, Texas (the “City”), of its \$9,959,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Major Improvement Area) (the “Bonds”).

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

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

The Bonds are the first series of Bonds Similarly Secured to be issued pursuant to the Indenture. The Bonds Similarly Secured, including the Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Major Improvement Area Assessments levied, pursuant to the Assessment Ordinance expected to be adopted by the City Council on March 3, 2026, against the Major Improvement Area Assessed Property, all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

Reference is made to the Indenture for a full statement of the authority for, and the terms and provisions of, the Bonds.

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, the Major Improvement Area Construction, Funding, and Acquisition Agreement, the MIA Lot Developer (defined herein), the Developer (defined herein), the Administrator, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Phone: (214) 302-2246. The form of Indenture appears in “APPENDIX B – Form of Indenture” and the form of Service and Assessment Plan appears as “APPENDIX C – Form of 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 and is not intended, and should not be considered, fully representative or complete as to the subjects discussed hereunder.

PLAN OF FINANCE

Overview

ROED Prop Co, LLC, a Texas limited liability company (the “Developer”), purchased approximately 89.769 acres on August 31, 2021, such acreage comprising Improvement Area #1 of the District (as identified in the map on page iv) using cash on hand. On September 30, 2024, RODG DT Seawillow PropCo LLC, a Texas limited liability company (the “MIA Lot Developer”), and affiliate of the Developer, purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area, using cash on hand and proceeds of the Acquisition Loan (defined herein). The MIA Lot Developer is expected to be the lot developer of the property in the “Major Improvement Area” (as identified in the map on page iv). Red Oak Development Group, LLC (“Red Oak”), an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also “THE DEVELOPER.” The land in the Major Improvement Area not owned by the MIA Lot Developer is currently owned by four individuals (collectively, the “Landowners”).

The District consists of approximately 588.547 acres located partially in the corporate boundaries and partially in the extra-territorial jurisdiction of the City. Only Improvement Area #1 is in the corporate boundaries of the City. The District is expected to be developed in eight phases as a master planned development to include approximately 2,332 single-family detached residential lots consisting of 40’, 45’, 50’, 60’, and 70’ front footage lots; up to 95 single-family attached 25’ townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8’ wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district (collectively, the “Development”). See the concept plan on page v.

Development Plan

The Developer is constructing the public improvements that benefit only the lots within Improvement Area #1 (the “Improvement Area #1 Improvements”) and the portion of the public improvements that benefit all of the property within the District (the “Major Improvements”).

Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50’ front footage lots. The Developer is constructing the lots in Improvement Area #1 in two phases, consisting of approximately 203 lots in “Phase 1” (as identified in the Concept Plan on page v) and approximately 211 lots in “Phase 2” (as identified in the Concept Plan on page v). The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026. The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements (defined herein).

The total cost of Major Improvements allocable to the Major Improvement Area (the “Major Improvement Area Improvements”) is expected to be approximately \$7,429,720. A portion of the proceeds of the Bonds is expected to be used to reimburse the Developer for all* costs of the Major Improvement Area Improvements. The Developer is funding the construction of the Major Improvements with proceeds of the Construction Loan (defined herein). See THE DEVELOPER – History and Financing of the District.”

The Developer and the City expect to enter into the Major Improvement Area Improvements Construction, Funding, and Acquisition Agreement which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of the Major Improvement Area Improvements, including payment to the Developer for funds expended by the Developer and used to pay costs of the Major Improvement Area Improvements. See “APPENDIX G – Form of Major Improvement Area Improvements Construction, Funding, and Acquisition Agreement.”

Lot Purchase Agreements and Letter of Intent within the District

The Developer has entered into a letter of intent (the “Hakes Bros LOI”) and lot purchase and sale agreements (the “Improvement Area #1 Lot Purchase Agreements”) with the following homebuilders (collectively, the “Improvement Area #1 Homebuilders”) for 290 of the planned 414 lots within Improvement Area #1. See “THE DEVELOPMENT – Lot Purchase Agreements and Letter of Intent within the District.”

The MIA Lot Developer has not yet executed lot purchase agreements for lots in the Major Improvement Area.

The Bonds

The Bonds are the initial series of Bonds Similarly Secured to be issued under the Indenture. Proceeds of the Bonds will be used for the purposes of paying (i) a portion of the Actual Costs of the Major Improvement Area Improvements, (ii) the Administrative Reserves related to the Bonds, (iii) Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal of and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvement Area Improvements. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS” and “APPENDIX B – Form of Indenture.”

Payment of the Bonds Similarly Secured, including the Bonds, is payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of the Major Improvement Area Assessments levied against the Major Improvement Area Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the 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.

Additional Indebtedness

Concurrently with the issuance of the Bonds, the City expects to issue its City of Lockhart, Texas, Special Assessment Revenue Bonds, Series 2026 (Seawillow Ranch Public Improvement District Improvement Area #1) (the “Improvement Area #1 Bonds”) for the purpose, among other things, of paying a portion of the costs of the Improvement Area #1 Projects. The Improvement Area #1 Bonds will be secured by assessments levied against assessable property within Improvement Area #1 only (the “Improvement Area #1 Assessments”). **Property within the Major Improvement Area will not be subject to the Improvement Area #1 Assessments. The Improvement Area #1 Assessments are not security for the Bonds.**

Upon completion of the Major Improvement Area Improvements, the MIA Lot Developer expects to continue with construction of certain local public improvements to benefit only the lots in each phase of the Development developed subsequent to development of Improvement Area #1 (such area, the “Future Improvement Area,” which is expected to be contiguous with the Major Improvement Area). The City expects to issue one or more series of future phased bonds or obligations (each such series of bonds or obligations being “Future Improvement Area Obligations”) to finance the costs of public improvements (the “Future Improvement Area Improvements”) within each phase of development within the Future Improvement Area (collectively, the “Future Improvement Areas”) as development proceeds. The estimated costs of the Future Improvement Area Improvements will be determined as the Future Improvement Areas of the District are developed, and the Service and Assessment Plan will be updated to identify the improvements authorized by the PID Act to be financed by each new series of Future Improvement Area Obligations.

Such Future Improvement Area Obligations will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District that benefit from the Future Improvement Area Improvements being financed. See “THE DEVELOPMENT – Future Improvement Areas and Future Improvement Area Obligations.”

The Bonds, the Improvement Area #1 Bonds, and any Future Improvement Area Obligations issued by the City are separate and distinct issues of securities secured by separate assessments. Neither the Improvement Area #1 Bonds nor any Future Improvement Area Obligations to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

Each initial purchaser is advised that the Bonds being offered pursuant to this Limited Offering Memorandum are being offered and sold only to “accredited investors” as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933 and “qualified institutional buyers” as defined in Rule 144A promulgated under the Securities Act of 1933. Each initial purchaser of the Bonds (each, an “Initial Purchaser”) 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 Major 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. None of the City, its councilmembers, officers, or employees shall have any liability for or in connection with the Investor’s decision to purchase the Bonds; provided, however, that they may have liability to the Investor 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 Similarly Secured.

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 of this Limited Offering Memorandum. Interest on the Bonds will accrue from the Closing Date and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each Interest Payment Date, being each March 1 and September 1, commencing September 1, 2026, until Stated Maturity or prior redemption. UMB Bank, N.A., is the initial Trustee, Paying Agent, and Registrar for the Bonds.

The Bonds will be issued in fully registered form, without coupons, in Authorized Denominations of \$25,000 of principal and any integral multiple of \$1,000 in excess thereof (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry-only form. See “BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 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 the Redemption Price equal to 100% of the principal amount of all or a portion of Bonds to be redeemed, plus accrued but unpaid interest to the date of redemption.

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. If less than all Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured. See “ASSESSMENT PROCEDURES – Prepayment of Major Improvement Area Assessments” for the definition and description of Prepayments.

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

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Mandatory Sinking Fund Redemption. The Bonds maturing on September 1, 20__, September 1, 20__, and September 1, 20__ (together the “Term Bonds”), are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the Redemption Price, from moneys available for such purpose in the Principal and Interest Account of the Bond Fund on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

<u>\$ Term Bonds due September 1, 20__</u>	
<u>Year</u>	<u>Sinking Fund Installment Amount</u>
	\$
†	
† Stated maturity.	

At least 30 days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select by lot 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 shall be reduced, at the option of the City, by the principal amount of such Term Bonds 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 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 of the Indenture and not previously credited to a mandatory sinking fund redemption.

Partial Redemption Provisions. If less than all of the Bonds are to be redeemed, Bonds shall be redeemed in increments of \$1,000; 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.

If less than all of a series of Bonds Similarly Secured are called for optional redemption, the City shall, pursuant to a City Certificate, determine the Bond Similarly Secured or Bonds Similarly Secured or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

Upon surrender of any Bond for redemption in part, the Trustee 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 written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United

States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond Similarly Secured 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 Similarly Secured are to be surrendered for payment, and, if less than all the Outstanding Bonds Similarly Secured are to be redeemed, an identification of the Bonds Similarly Secured 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 Similarly Secured shall become due and payable.

Any notice given as provided shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

The City has the right to rescind any optional redemption or extraordinary optional redemption 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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written direction from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Limited Offering Memorandum. The current rules applicable to DTC are on file with the Securities and Exchange Commission, 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 Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest, and all other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Paying Agent/Registrar, on the 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 all other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct

Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR, OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS, OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS SIMILARLY SECURED

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. "Bonds Similarly Secured" means, collectively, any Outstanding Bonds and Refunding Bonds. Investors must read the entire Indenture to obtain information essential to the making of an informed investment decision. See "APPENDIX B – Form of Indenture."

General

THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

The principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds, are equally and ratably secured by and payable from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of Major Improvement Area Assessments expected to be levied against the Major Improvement Area Assessed Property, all to the extent and upon the conditions described in the Indenture. In accordance with the PID Act, the City Council expects to approve and adopt the Assessment Ordinance, including the Service and Assessment Plan, on March 3, 2026, which describes the special benefit received by the Major Improvement Area Assessed Property, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the Major Improvement Area Assessments, and provides for the allocation

of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds Similarly Secured, including the Bonds. The Service and Assessment Plan will be reviewed and updated annually for the purpose of determining the annual budget for the Major Improvement Area Improvements and the Annual Installments of Major Improvement Area 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 of Major Improvement Area Assessed Property. See “APPENDIX C – Form of Service and Assessment Plan.”

In connection with the pricing of the Bonds expected to occur on March 3, 2026, and as provided in the Assessment Ordinance, the City expects to approve the Service and Assessment Plan, which will reflect the actual interest rates on the Bonds, as well as the Additional Interest to be collected pursuant to Section 372.018(a) of the PID Act. See “APPENDIX C – Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of applicable law to finance the Major Improvement Area Improvements by levying Major Improvement Area Assessments upon the Major Improvement Area Assessed Property. For a description of the assessment methodology and the amounts of Major Improvement Area Assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C – Form of Service and Assessment Plan.”

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

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

“Additional Interest Rate” means the additional 0.50% interest charged on the Major Improvement Area Assessments as authorized by Section 372.018 of the PID Act.

“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 and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to the Major Improvement Area Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Major Improvement Area Assessment Roll and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds Similarly Secured; (6) investing or depositing Major Improvement Area Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of Bonds Similarly Secured, including continuing disclosure requirements; and (8) the Paying Agent/Registrar and Trustee in connection with Bonds Similarly Secured, 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 the Major Improvement Area Assessments 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.

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

“Delinquent Collection Costs” means, for a Parcel, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Major Improvement Area Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

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

“Major Improvement Area Assessed Property” or “Major Improvement Area Assessed Properties” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied as

shown on the Major Improvement Area Assessment Roll (as the same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within the Major Improvement Area other than Non-Benefited Property as defined in the Service and Assessment Plan.

“Major Improvement Area Assessment” means an Assessment levied against the Major Improvement Area Assessed Properties and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area Assessed Property and included in the Service and Assessment Plan as Exhibit E-2, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

“Parcel” or “Parcels” means a parcel or parcels within the boundaries of the District, identified by either a tax map identification number assigned by the Caldwell 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 the County or by any other means determined by the City Council.

“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 Major Improvement Area 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 a Major Improvement Area 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 a Major Improvement Area Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment of the Major Improvement Area Assessment.

“Trust Estate” means, collectively, (i) the Pledged Revenues, 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 now existing or hereafter coming into existence, and whether now or hereafter acquired, (ii) any and all other property or money of every name and nature which is, from time to time 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 covenants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Major Improvement Area Assessments to be collected and the liens thereof to be enforced continuously. See “– Pledged Revenue Fund” and “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Major Improvement Area Assessments

For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees, and warrants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 or otherwise other than funds on deposit in the Administrative Fund.

Unconditional Levy of Major Improvement Area Assessments

The Annual Installments of the Major Improvement Area Assessments shall be sufficient to pay the principal of and interest on the Bonds Similarly Secured, including the Bonds, scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Major Improvement Area Assessments will become effective on the date of adoption, and strictly in accordance with the terms, of the Assessment Ordinance. Each Major Improvement Area Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Major Improvement Area Assessments. Pursuant to the Assessment Ordinance, interest on the Major Improvement Area Assessments will be calculated at the rate of interest on the Bonds, plus the Additional Interest Rate, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of a Major Improvement Area Assessment, will be calculated annually and will be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an assessment to pay the Annual Collection Costs. The portion of each Annual Installment of an Major Improvement Area Assessment used to pay Annual Collection Costs will 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 amount collected to pay Annual Collection Costs will be due when billed, expected to be on or about October 1 of each year, in the manner set forth in the Assessment Ordinance, and will be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There will be no discount for the early payment of Major Improvement Area Assessments.

The PID Act provides that the Major Improvement Area 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 Major Improvement Area 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 liability of and charge against the owners of Major Improvement Area Assessed Property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien will be effective from the date of adoption of the Assessment Ordinance until the Major Improvement Area Assessments are paid (or otherwise discharged) and will be enforceable by the City in the same manner that an ad valorem property tax levied against real property may be enforced by the City. 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."

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Major Improvement Area Assessments and such remaining Annual Installments (including

interest) will continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Perfected Security Interest

The lien on and pledge of the Trust Estate to repayment of the Bonds will be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of the Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds Similarly Secured, including 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 Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve the perfection of the security interest in said pledge to the registered owners of the Bonds, the City has agreed to take such measures as it determines are reasonable and necessary under State law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, 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 and Project Collection Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer or cause to be transferred pursuant to a City Certificate provided to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collector of the County. Upon the Trustee’s receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate, 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 Actual Costs of the Major Improvement Area Improvements as provided in the Indenture, 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 in the Indenture and, on each March 1, beginning March 1, 2027, 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 transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full to the Bond Pledged Revenue Account of the Pledged Revenue Fund set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full to the Reserve Account of the Reserve Fund set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates specified in the Indenture and after the Trustee deposits all such Pledged Revenues as provided in the Indenture, the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits to the Bond Pledged Revenue Account of the Pledged Revenue Fund and to the Reserve Account of the Reserve Fund are made in full.

While any of the Bonds Similarly Secured are Outstanding, the County, acting by and through its Tax Assessor-Collector or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City’s behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City’s behalf, the Trustee shall accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate, deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be deposited such Pledged Revenues pursuant to the first paragraph under this subcaption. The City shall provide such City Certificate on or before February 20, 2027, and on or before every February 20 and August 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in clause (i) of the first paragraph under this subcaption for the

debt service payment date immediately following the required City Certificate delivery date or the deposit in full set forth in clause (ii) of the first paragraph under this subcaption after the City provides a City Certificate by the dates specified in this paragraph and after the Trustee deposits all Pledged Revenues received as provided in this paragraph and the first paragraph under this subcaption, the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this paragraph and the first paragraph under this subcaption as necessary to ensure the deposits set forth in clauses (i) and (ii) of the first paragraph under this subcaption are made in full.

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 and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds 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 in connection with the Major Improvement Area Assessed Property to which the Foreclosure Proceeds relate, *second*, to the Delinquency & Prepayment Reserve Account to replenish the Delinquency & 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, pursuant to a City Certificate, which monies may be used for any lawful purpose for which Major Improvement Area 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/or interest then due and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below.

If amounts in the Principal and Interest Account are insufficient for the purposes set forth in the preceding paragraph, 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.

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027. Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Project Fund, or if the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

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 in the first paragraph under this subcaption, 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 specified in the paragraph of “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 Similarly Secured pursuant to the instructions on the memorandum to be prepared by the underwriter for the Bonds Similarly Secured (the “Closing Memorandum”) as of the Closing Date for the respective series of Bonds Similarly Secured. If, after the foregoing disbursements made pursuant to the Closing Memorandum, there are funds remaining in the Cost of Issuance Account, 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 Similarly Secured pursuant to one or more City Certificates as provided in the Indenture.

Disbursements from the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs of the Major Improvement Area Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such Certification for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions 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. The disbursement of funds from the Major Improvement Area Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Major Improvement Area Construction, Funding, and Acquisition Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Major Improvement Area Construction, Funding, and Acquisition Agreement and no other provisions of the Major Improvement Area Construction, Funding, and Acquisition Agreement are herein incorporated by reference and deemed set forth herein in full.

Except as otherwise provided in the Indenture, money on deposit in the Major Improvement Area Improvements Account of the Project Fund shall be used solely to pay Actual Costs of the Major Improvement Area Improvements, provided the Trustee shall have no responsibility for the application of any funds disbursed from the Major Improvement Area 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 Major Improvement Area Improvement Account of the Project Fund are not expected to be expended for purposes of the Major Improvement Area Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Major Improvement Area Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Major Improvement Area Improvement Account of the Project Fund will ever be expended for the purposes of the Major Improvement Area Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Major Improvement Area Improvement Account of the Project Fund that are not expected to be used for purposes of the Major Improvement Area Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Major Improvement Area 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 Major Improvement Area Improvement Account of the Project Fund shall be closed.

In making any determination pursuant to this Section, 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 Major Improvement Area Improvements have been completed and that all Actual Costs of the Major Improvement Area Improvements have been paid, or that any Actual Costs of the Major Improvement Area Improvements are not required to be paid from the Major Improvement Area Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Major Improvement Area 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 Major Improvement Area 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 applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance

Account of the Project Fund shall be transferred to (i) the Major Improvement Area Improvement Account in the Project Fund and used to pay Actual Costs of the Major Improvement Area Improvements, or (ii) if no Major Improvement Area Improvements remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

Reserve Fund

The City agrees with the Holders of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account of the Reserve Fund an amount equal to not less than the Reserve Account Requirement. Reserve Account Requirement means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured as of the date of issuance of a series of Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of an optional redemption or extraordinary optional redemption pursuant to the Indenture, and any such reduction in the Reserve Account Requirement shall be 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 date of issuance of the Bonds, the Reserve Account Requirement is \$_____ * which is an amount equal to the [Maximum Annual Debt Service] on the Bonds as of their date of issuance. The City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund, as provided in the Indenture.

Subject to requirements with respect to the Pledged Revenue Fund, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2027, 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. Delinquency & Prepayment Reserve Requirement means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from Major Improvement Area 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.

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 if 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 again accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this paragraph, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. The Additional Interest shall continue to be collected and deposited pursuant to the Indenture until the Bonds Similarly Secured are no longer Outstanding.

Whenever a transfer is made from an Account of 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.

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 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 and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000 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 written 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 to pay Rebtable Arbitrage, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured, or (iii) to the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs of the Major Improvement Area Improvements if such application and the expenditure of funds is expected to occur within three years of the Closing Date.

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 Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture. The Trustee shall incur no liability for the accuracy or validity of the transfer so long as the Trustee made such transfer in full compliance with the Indenture.

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, and *second*, from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

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

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 shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

Administrative Fund

On or before February 20, 2027, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Major Improvement Area 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, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with the Indenture.

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. See “APPENDIX C – Form of Service and Assessment Plan.”

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

Defeasance

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 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 this paragraph 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 Defeased Debt. 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 Defeased Debt on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments determined by the City and described in the Public Funds Investment Act, Chapter 2256, Government Code, as amended, 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. Pursuant to current State law, Investment Securities include (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) 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 issuer 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; (iii) 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 issuer 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; or (iv) any additional securities and obligations hereafter authorized by the laws of the State as eligible for use to accomplish the discharge of obligations such as the Bonds.

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 Similarly Secured. Because the Indenture does not contractually limit such investments, Holders 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.

Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified above 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 Holders 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 first paragraph under this subcaption 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.

Events of Default

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

- (i) the failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) the failure of the City to enforce the collection of the Major Improvement Area Assessments, including the prosecution of foreclosure proceedings, in accordance with the Indenture;
- (iii) default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and
- (iv) 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; provided, however, that the payments are to be made only from the Trust Estate.

The Trustee shall not be charged with the knowledge of (a) any events or other information, or (b) any default under the Indenture or any other agreement unless a responsible officer of the Trustee shall have actual knowledge thereof.

Immediate Remedies in Event of Default

Subject to provisions of the Indenture with respect to liability of the City, upon the happening and continuance of any of the Events of Default described above, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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

Whenever moneys are to be applied upon an occurrence of an 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, specifically, in inverse order of value pursuant to a certified appraisal of real or personal property or market value of investments as set forth in the U.S. Stock Exchange, and as may be required by law and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the reasonable 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, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee under the Indenture, and (iii) any taxes and assessments and other charges prior to the lien of the Indenture. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

If the assets of the Trust Estate are sufficient to pay all amounts due with respect to Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under the Indenture, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Holder or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided above, and shall not be liable to any Holder, or other Person, or the City by reason of such selection, liquidation, or sale.

Restriction on Holder's Actions

No Holder 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 under the Indenture, 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 it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit, or proceeding in its own name, (iii) the Holders have furnished to the Trustee written evidence of indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no written direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right under the Indenture except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Holders 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 liability of the City, nothing in the Indenture shall affect or impair the right of any Holder 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 Holders thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

In case the Trustee or any Holders 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 Holders of Bonds Similarly Secured, then and in every such case the City, the Trustee, and the Holders 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 Default

All moneys, securities, funds, and Pledged Revenues and other assets of the Trust Estate 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 fees, costs, and expenses), 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 the provisions described above under “– Immediate Remedies in Event of Default,” 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 Holders 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 Holders entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Holders 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 or Redemption Price due and to the Holders entitled thereto, without any discrimination or preference.

The Trustee shall make payments to the Owners of Bonds Similarly Secured pursuant to the Indenture within thirty (30) days of receipt of such good and available funds, the record date shall be the date the Trustee received such good and available funds.

In the event funds are not adequate to cure any of the Events of Default described above, the available funds shall be allocated to the Bonds 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 in the Indenture, 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 of the Reserve Fund, 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, upon which the Trustee may conclusively rely without investigation or inquiry, 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 is hereby directed to invest and re-invest cash balances in the Morgan Stanley, Fidelity, or Federated family of funds, but only so long as such funds are authorized investments and permitted under the Public Funds Investment Act, Texas Government Code Chapter 2256, as amended (the “PFIA”), or any successor law, and only so long as such investments constitute Investment Securities and the money required to be expended from any Fund will be available at the proper time or times.

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.

Other Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds

The City reserves the right to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from the Trust Estate or any portion thereof. Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of the Pledged Revenues securing payment of the Bonds Similarly Secured.

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 thereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the 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 Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

- i. Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and
- ii. Upon their authorization by the City, the Refunding Bonds of a Series issued under the Indenture shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary, of the ordinance or ordinances of the City authorizing the issuance, sale, execution, and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developer for funding the costs of Future Improvement Area Improvements. The Developer may request that the City issue Future Improvement Area Bonds; provided, however, that no Future Improvement Area Bonds shall be issued unless such Future Improvement Area Bonds are made to mature on September 1 in each of the years in which they are scheduled to mature, and the applicable requirements below are met:

- i. The Trustee shall receive a certificate from the City Representative certifying that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture or any indenture of trust authorizing the issuance of Future Improvement Area Bonds for the District;
- ii. The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure

period in the performance and observance of any of the terms, provisions, and conditions applicable to the Developer contained in the Development Agreement applicable to the District or any continuing disclosure agreement entered into by the Developer relating to the District, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City Council elects to proceed with the issuance of the Future Improvement Area Bonds regardless of the existence of such default or defaults;

- iii. The Trustee and the City shall receive a certificate from the Administrator certifying that there is no default by the Landowners (to the extent the Landowners own property in the applicable Future Improvement Area) or any owner of more than five percent (5%) of the assessed parcels in the applicable Future Improvement Area for failure to pay special assessments or ad valorem taxes on assessed parcels in such Future Improvement Area owed by the Landowners (to the extent the Landowners own property in the applicable Future Improvement Area) or such owner prior to the delinquency date thereof;
- iv. With respect to:
 - 1. Future Improvement Area Bonds issued for the next subsequent Improvement Area following the issuance of the Improvement Area #1 Bonds, the Trustee and the City shall receive a certificate from the Developer certifying that at least seventy-five percent (75%) of the assessed parcels in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users;
 - 2. Future Improvement Area Bonds issued for the Improvement Areas thereafter:
 - A. the Trustee and the City shall receive a certificate from the Developer certifying that (A) a certificate of occupancy for completed homes has been issued for at least forty percent (40%) of the lots or residential units, as applicable, in the preceding Improvement Areas for which bonds have been issued, and (B) at least seventy-five percent (75%) of the residential lots to be assessed in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users; and
 - B. the Trustee and City shall receive an appraisal delivered by an independent appraiser evidencing that the Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued is not less than 2:1.

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SOURCES AND USES OF FUNDS *

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

Sources of Funds:

Principal Amount	\$
TOTAL SOURCES	\$

Use of Funds:

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

⁽¹⁾ Includes the fee of counsel to the Underwriter.

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DEBT SERVICE REQUIREMENTS *

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

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	—	(1)	
2027		(1)	
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			
2054			
2055			
<u>Total</u>			

(1) Interest due on the Bonds on September 1, 2026, and a portion of the interest due on the Bonds on March 1, 2027, will be paid from amounts on deposit in the Capitalized Interest Account of the Bond Fund. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Bond Fund."

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within the Major Improvement Area of 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 and assessments are payable in addition to the Major Improvement Area Assessments.

In addition to the City, each of the County (for Farm to Market roads and other County purposes), Austin Community College District, Lockhart Independent School District (“Lockhart ISD”), Caldwell County Emergency Services District #4 (Fire), Caldwell County Emergency Services District #5 (Medical and Ambulance), and Plum Creek Conservation District (for flood water and groundwater management), may levy ad valorem taxes upon land in the Major Improvement Area of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

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

<u>Overlapping Taxes in the Major Improvement Area</u>	
<u>Taxing Entity</u>	Tax Year 2025 Ad Valorem Tax Rate ⁽¹⁾
The City	\$ 0.554100
Caldwell County	0.439000
Caldwell County Farm to Market	0.000100
Austin Community College District	0.103400
Lockhart ISD	0.939600
Caldwell County Emergency Services District #4	0.100000
Caldwell County Emergency Services District #5	0.100000
Plum Creek Conservation District – Flood	0.013700
Plum Creek Conservation District – Underground	0.017000
Total Current Tax Rate	<u>\$2.266900</u>
Estimated Average Annual Installment of Major Improvement Area Assessment as an Equivalent Tax Rate ⁽²⁾	<u>\$0.154952</u>
Estimated Total Tax Rate and Average Annual Installments of Major Improvement Area Assessment for years 2026-2035 as an Equivalent Tax Rate ⁽²⁾	<u>\$2.421852</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, and from lot counts and estimated buildout values provided by the Developer. Shown as an equivalent tax rate for illustration purposes only. See “THE DEVELOPMENT – Expected Lot Build-Out and Absorption and Home Prices in the District” and “APPENDIX C – Form of Service and Assessment Plan.”

Sources: Caldwell County Appraisal District and Service and Assessment Plan.

Overlapping Debt

As noted above, the Major Improvement Area of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to property within the Major Improvement Area of the District, as of January 1, 2026, and City debt to be secured by the Major Improvement Area Assessments:

Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of January 1, 2026</u>	<u>Estimated % Applicable ⁽¹⁾</u>	<u>Estimated Overlapping Debt ⁽¹⁾</u>
The City (Bonds)	\$ 9,959,000 ⁽²⁾	100.000%	\$9,959,000 ⁽²⁾
The City (Ad Valorem Taxes)	35,110,000	1.592%	558,970
Caldwell County	66,190,000	0.462%	305,945
Caldwell County (Farm to Market)	—	—	—
Austin Community College District	657,685,000	0.007%	48,624
Lockhart ISD	211,096,145	0.827%	1,746,383
Caldwell County ESD #4	—	—	—
Caldwell County ESD #5	—	—	—
Plum Creek Conservation District – Flood	—	—	—
Plum Creek Conservation District – Underground	—	—	—
Total	\$980,040,145		\$12,618,922

⁽¹⁾ Based on the Appraisal for the Major Improvement Area of the District and on certified valuations for the Tax Year 2025 for the taxing entities. See “APPRAISAL.”

⁽²⁾ Preliminary; subject to change.

Sources: Caldwell County Appraisal District and Municipal Advisory Council of Texas.

Agricultural Valuation

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land’s agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation.

If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, “rollback taxes” are assessed for each of the previous three years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land’s agricultural value and the taxes that the landowner would have paid if the land had been taxed on a higher market value for each year from the date on which taxes would have been due. If the land use changes to a non-agricultural use on only a portion of a larger tract, the landowner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the landowner would only be responsible for rollback taxes on that portion of the land where use changed and not the entire tract.

The use of the land within the Major Improvement Area is expected to change from agricultural to non-agricultural as development progresses.

Homeowners’ Association Dues

In addition to the Major Improvement Area Assessments and overlapping taxes and assessments referenced above, the Developer anticipates that each lot owner in the District will pay a property owner’s association fee annually to a homeowner’s association (the “HOA”) of approximately \$1,400 per year.

ASSESSMENT PROCEDURES

Capitalized terms used in “ASSESSMENT PROCEDURES” and not otherwise defined in the Indenture or this Limited Offering Memorandum have the meanings assigned to such terms in the Service and Assessment Plan.

General

As required by the PID Act, when the City determines to defray a portion of the costs of the Major Improvement Area Improvements through the levy of Major Improvement Area Assessments, it must adopt a resolution generally describing the Major Improvement Area Improvements and the land within the Major Improvement Area of the District to be subject to Major Improvement Area Assessments to pay the cost therefor. The City has caused the Major Improvement Area Assessment Roll to be prepared, which shows the Major Improvement Area Assessed Property, the amount of benefit to and the Major Improvement Area Assessment against each Lot or Parcel of Major Improvement Area Assessed Property, and the number of Annual Installments in which the Major Improvement Area Assessment is divided. The Major Improvement Area Assessment Roll was or will be filed with the City Secretary and made available for public inspection. Statutory notice was or will be given to the owners of the Major Improvement Area Assessed Property and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Major Improvement Area Improvements and funding a portion of the same with Major Improvement Area Assessments. The City expects to adopt the Assessment Ordinance and levy the Major Improvement Area Assessments March 3, 2026. Upon adoption of the Assessment Ordinance, the Major Improvement Area Assessments will become legal, valid, and binding liens upon the Major Improvement Area Assessed Property.

Pursuant to the PID Act, the costs of the Major Improvement Area Improvements to be defrayed through the levy of Major Improvement Area Assessments may be assessed by the City against the Major Improvement Area Assessed Property so long as the special benefit conferred upon the Major Improvement Area Assessed Property by the Major Improvement Area Improvements equals or exceeds the Major Improvement Area Assessments. The costs of the Major Improvement Area Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Major Improvement Area 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 – Form of Service and Assessment Plan.”

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each Parcel of Major Improvement Area Assessed Property as a result of the Major Improvement Area Improvements, provides the basis and justification for the determination that such special benefit exceeds the amount of the Major Improvement Area Assessments, and establishes the methodology by which the City allocates the special benefit of the Major Improvement Area Improvements to Parcels of Major Improvement Area Assessed Property 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 Major Improvement Area Improvements is being funded with proceeds of the Bonds, which are payable solely from a first lien on, security interest in, and pledge of the Trust Estate, consisting primarily of revenue from the Major Improvement Area Assessments. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Major Improvement Area Improvements will be allocated to the Major Improvement Area Assessed Property by spreading the entire Major Improvement Area Assessment across all Major Improvement Area Assessed Property within the Major Improvement Area of the District based on the ratio of Estimated Buildout Value of each Lot Type in the Major Improvement Area to the Estimated Buildout Value of all Major Improvement Area Assessed Property within the Major Improvement Area. Currently, the Major Improvement Area consists of three Parcels. Until a plat is filed, the Major Improvement Area Assessments will be allocated among the three Parcels based on the ratio of the acreage of each Parcel to the total acreage of the Major Improvement Area based on acreage as reported by the Caldwell County Appraisal District. For further explanation of the Assessment Methodology, see “APPENDIX C – Form of Service and Assessment Plan.”

The City has determined that the foregoing method of allocation will result in the imposition of equal shares of the Major Improvement Area Assessments on Parcels of Major Improvement Area Assessed Property similarly benefitted. The Major Improvement Area 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, the MIA Lot Developer, the Landowners, and all future owners and developers within the Major Improvement Area. See “APPENDIX C – Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

Pursuant to 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 Major Improvement Area 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 Major Improvement Area Assessments incur interest, penalties, and attorney’s fees in the same manner as delinquent ad valorem taxes. Pursuant to the PID Act, the Assessment Lien is a first and prior lien against the Major Improvement Area Assessed Property, 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 covenants to collect, or cause to be collected, Major Improvement Area 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 Major Improvement Area Assessment Roll and a calculation of the Annual Installment for each Parcel of Major Improvement Area Assessed Property. Annual Collection Costs shall be allocated among all Parcels of Major Improvement Area Assessed Property in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City covenants, agrees, and warrants that, for so long as any Bonds are Outstanding, it will take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area 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 Major Improvement Area Assessments. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Major Improvement Area Assessments.”

To the extent permitted by law, notice of the Annual Installments will be sent by, or on behalf of, the City to the owners of the Major Improvement Area Assessed Property 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 Major Improvement Area Assessment or the corresponding Major Improvement Area Assessed Property. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Collection and Enforcement of Major Improvement Area Assessments.”

The City will implement the basic timeline and procedures for Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Major Improvement Area Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

Assessment Amounts

The amounts of the Major Improvement Area Assessments have been established by the methodology described in the Service and Assessment Plan. The Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Parcel of Major Improvement Area Assessed Property. The Major Improvement Area Assessments may not exceed the amounts shown on the Major Improvement Area Assessment Roll. The Major Improvement Area Assessments will be levied against the Parcels of Major Improvement Area Assessed Property as indicated on the Major Improvement Area Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan."

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

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

Method of Apportionment of Major Improvement Area Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Major Improvement Area Assessments shall be initially allocated to the Parcels consisting of the Major Improvement Area Assessed Property based on the ratio of the Estimated Buildout Value of each Parcel of Major Improvement Area Assessed Property to the Estimated Buildout Value of all Parcels of Major Improvement Area Assessed Property.

Division Prior to Recording of Subdivision Plat. Upon the division of any Major Improvement Area Assessed Property prior to the recording of a subdivision plat, the Administrator shall reallocate the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to the division among the newly divided Improvement Area #1 Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Major Improvement Area Assessment for the newly divided Major Improvement Area Assessed Property

B = the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Major Improvement Area Assessed Property

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

The calculation of the Estimated Buildout Value of a Major Improvement Area Assessed Property shall be performed by the Administrator based on information from the Developer, homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Major Improvement Area Assessed Property. The calculation as confirmed by the City Council shall be conclusive.

The sum of the Major Improvement Area Assessments for all newly divided Major Improvement Area Assessed Properties shall equal the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Major Improvement Area Assessed Property. The reallocation of a Major Improvement Area Assessment for an Major Improvement Area Assessed Property that is a homestead under Texas law may not exceed the Major Improvement Area Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Subdivision by a Recorded Subdivision Plat. Upon the subdivision of any Major Improvement Area Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Major Improvement Area Assessment for the Major Improvement Area Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Major Improvement Area Assessment for the newly subdivided Lot

B = the Major Improvement Area Assessment for the Parcel prior to subdivision

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

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

E = the number of newly subdivided Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

The sum of the Major Improvement Area Assessments for all newly subdivided Lots shall not exceed the Major Improvement Area Assessment for the portion of the Major Improvement Area Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Major Improvement Area Assessed Property. The reallocation of a Major Improvement Area Assessment for an Major Improvement Area Assessed Property that is a homestead under Texas law may not exceed the Major Improvement Area Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

Upon Consolidation. If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Major Improvement Area Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Major Improvement Area Assessed Property may voluntarily prepay (a “Prepayment”), at any time, all or part of a Major Improvement Area Assessment levied against such owner’s Major Improvement Area 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 a Major Improvement Area Assessment are not to be considered a Prepayment but rather are to be treated as payment of regularly scheduled Major Improvement Area Assessments.

Priority of Lien

The Major Improvement Area Assessments or any reassessment, the expense of collection, and reasonable attorney’s fees, if incurred, constitute a first and prior lien against the Major Improvement Area Assessed Property, 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 Major Improvement Area Assessed Property regardless of whether the owners are named. The lien is effective from the date of adoption of the Assessment Ordinance until the Major Improvement Area 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 Major Improvement Area Assessed Property may pay the entire Major Improvement Area 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 Major Improvement Area 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 Annual Installment or Annual Installments of an Major Improvement Area Assessment will be subject to the lien established for remaining unpaid installments of the Major Improvement Area 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 Major Improvement Area 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 Holders of the Bonds Similarly Secured, including 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 Similarly Secured, including 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 Major Improvement Area Assessment on the corresponding Major Improvement Area Assessed Property.

In the Indenture, the City covenants to take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area 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 Major Improvement Area Assessments, provided that the City is not required to expend any funds for collection and enforcement of Major Improvement Area Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the

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

The Delinquency and Prepayment Reserve Account of the Reserve Fund will be funded 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 SIMILARLY SECURED – Reserve Fund,” “APPENDIX B – Form of Indenture,” and “APPENDIX C – Form of Service and Assessment Plan.”

THE CITY

Background

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

The City provides the following primary services: police protection, emergency medical services, public works, street maintenance, parks, library and utility (water, sewer and garbage) service.

City Government

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State and the City’s Home Rule Charter. The City’s Home Rule Charter was approved by voters in 1973 and last amended at an election held in November 2024. The City operates under a Manager-Council form of government with a City Council comprised of the Mayor and six Councilmembers elected for staggered three-year terms. The City Council formulates operating policy for the City and the City Manager is the chief administrative officer of the City.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof.

General information regarding the City and the surrounding area can be found in “APPENDIX A – General Information Regarding the City and Surrounding Area.”

Water and Wastewater

The City will provide water and sewer services to the District. The City owns and maintains its own water treatment system. The City’s existing water wells have a firm capacity of 3.43 million gallons per day (“MGD”); receives up to 3,000 acre-feet of treated water, equivalent to 2.67 MGD, from the Carrizo Groundwater Supply Project; and receives an additional 1 MGD of treated surface water from the City of Luling, for a total existing treated supply capacity of 7.1 MGD.

The City owns and maintains its own water distribution system. The Developer constructed connections to two 12-inch diameter water taps on FM 1322 and constructed 8-inch and 12-inch distribution system water mains throughout the subdivision to provide sufficient looping of the system.

The City owns and maintains its own wastewater treatment system consisting of two wastewater treatment plants. Wastewater Treatment Plant (“WWTP”) No. 1 (Larremore Plant) has a design capacity of 1.1 MGD and a peak capacity of 4.0 MGD. WWTP No. 2 (FM 20 Plant) has a design capacity of 1.5 MGD and a peak capacity of 4.5 MGD. The combined capacity design of both plants is 2.6 MGD with a peak capacity of 8.5 MGD. Whenever flow measurements for any domestic sewage treatment facility reach 75% of the permitted daily average or annual average

flow for three consecutive months, the permittee must initiate engineering and financial planning for expansion. Whenever flow reaches 90% of the permitted daily or annual average flow for three consecutive months, the permittee must obtain necessary authorization to commence construction. Both WWTPs have been operating below the triggering thresholds.

The City owns and maintains its own wastewater collection system. The Developer installed a Regional Wastewater Lift Station that is designed to handle the wastewater of the entire Development and can be expanded to serve areas beyond the Development. The Regional Wastewater Lift Station discharges into a 14" force main that connects to the City's gravity wastewater system at Blackjack Street (FM 20).

The City engineer analyzed the Development and coordinated with the Developer's engineering team and the City Public Works Director to review the feasibility and design related to water and sanitary sewer service to the Development. In August 2024, the City adopted its Water and Wastewater ("W/WW") Master Plan to ensure the City's water and wastewater systems maintain compliance with local and state regulations. The W/WW Master Plan is a planning tool for system improvements for anticipated growth. See "THE DEVELOPMENT – Utilities."

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 public improvements. The District was created by the City in accordance with the PID Act by a resolution adopted by the City Council on October 15, 2024 (the "Creation Resolution"), for the purpose of undertaking and financing, in phases, the cost of certain public improvements within the District, including the Major Improvement Area 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 in a phase. The District is not a separate political subdivision of the State and is governed by the City Council. Maps of the property within the District are included on pages iii-v.

Powers and Authority of the City

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake or reimburse a property owner or developer for the costs of, the financing, acquisition, construction or improvement of the Major Improvement Area Improvements. See "THE MAJOR IMPROVEMENT AREA 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 the Major Improvement Area Improvements 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 the Trust Estate, consisting primarily of revenue from the Major Improvement Area Assessments. See "ASSESSMENT PROCEDURES," "THE MAJOR IMPROVEMENT AREA IMPROVEMENTS," and "APPENDIX C – Form of Service and Assessment Plan."

THE MAJOR IMPROVEMENT AREA IMPROVEMENTS

General

The Developer is responsible for the construction, acquisition, or purchase of the Major Improvements, and the Developer or its designee will act as construction manager. The costs of the Major Improvement Area Improvements is being funded with proceeds of the Bonds. The balance of the costs of the Major Improvements has

been or will be paid by the Developer, without reimbursement by the City. See “APPENDIX C – Form of Service and Assessment Plan.”

Major Improvement Area Improvements

The Major Improvement Area Improvements consist of the Major Improvement Area’s allocable share of the Major Improvements, described below.

Roadway Improvements. The roadway improvements include (i) subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the Seawillow Phase 1 Collector right-of-way, and (ii) improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way directly related to facilitating the left turn lane within FM 1322. The roadway improvements will provide benefit to each Lot within the District.

Water Improvements. The water improvements include (i) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under the Seawillow Phase 1 Collector, and (ii) trench excavation and embedment, trench safety, PVC piping, valves, fire hydrants, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances for water infrastructure located under FM 1322. The water improvements will provide benefit to all Lots within the District.

Drainage Improvements. The wastewater improvements include (i) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to facilitate the proposed construction of the wastewater gravity line to the lift station, (ii) trench excavation and embedment, trench safety, PVC piping, ductile iron encasement, boring and testing for the construction of the force main between the regional lift station and the connection to the existing city sanitary sewer system on Black Jack Road, and (iii) wet well, pumps, driveway construction, related earthwork, excavation, erosion control and all necessary appurtenances required to construct the regional lift station. The wastewater improvements will provide benefit to all Lots within the District.

Soft Costs. Costs related to District Formation and designing, constructing, and installing the Major Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, appraisal fees, and consultant fees that are not direct construction costs.

The following table reflects the component and total costs of the Major Improvement Area Improvements. ⁽¹⁾

	Major Improvement Area Projects
Roadway	\$1,557,440
Water	344,899
Wastewater	3,087,201
District Formation	1,213,235
Soft Costs	1,226,945
Total	\$7,429,720

⁽¹⁾ Derived from the Service and Assessment Plan. Totals may not sum correctly due to rounding. See “APPENDIX C – Form of Service and Assessment Plan.”

The total cost of the Major Improvement Area Improvements is expected to be approximately \$7,429,720. A portion of the proceeds of the Bonds is expected to be used to reimburse the Developer for all* costs of the Major Improvement Area Improvements. The Developer is funding costs of the Major Improvements with proceeds of the Construction Loan. See THE DEVELOPER – History and Financing of the District.”

Ownership and Maintenance of Major Improvement Area Improvements

The Major Improvement Area Improvements will be dedicated to and accepted by the City and will constitute a portion of the City’s infrastructure improvements. Upon and after dedication, the City will provide for the ongoing maintenance and repair of the Major Improvement Area Improvements. See “THE CITY – Water and Wastewater.”

THE DEVELOPMENT

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

Overview

The Developer purchased approximately 89.769 acres on August 31, 2021, such acreage comprising Improvement Area #1 of the District. On September 30, 2024, the MIA Lot Developer purchased approximately 141.200 acres, comprising a portion of the Major Improvement Area. Red Oak, an affiliate of the Developer and the MIA Lot Developer, is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 182 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 175 acres to be purchased by July 2029. See the map on page iv. See also “THE DEVELOPER.”

The Development consists of approximately 588.547 acres in the corporate boundaries and extra-territorial jurisdiction of the City. The Development is being developed in eight phases as a master planned development to include approximately 2,332 single-family detached residential lots consisting of 40’, 45’, 50’, 60’, and 70’ front footage lots; up to 95 single-family attached 25’ townhome lots on approximately 9.45 acres; up to 380 garden-style multi-family units on approximately 15 acres; a centrally-located amenity center on at least two acres to include approximately \$1 million of public space, including spaces for social gatherings and community events; seven half-acre pocket parks, including open play areas, pavilions, shade structures, sports courts, splash pads, and playgrounds; approximately 71.59 acres designated for parks and community facilities, including a school site and recreational areas; over 2,500 linear feet of 8’ wide concrete hike and bike trails; approximately 22.49 acres allocated for pad sites for central commercial district development to emphasize retail and commercial business to serve the District and surrounding areas; and approximately 16.44 acres designated for pad sites for medium commercial district development supporting medium-scale commercial ventures to complement the larger commercial district. See the concept plan on page v.

Development Plan

The Developer is constructing the Improvement Area #1 Improvements and the Major Improvements. Improvement Area #1 consists of approximately 89.775 acres and is expected to include 414 single-family detached residential lots, all of which are expected to be 50’ front footage lots. The Developer is constructing the Improvement Area #1 Improvements in two phases, consisting of 203 lots in Phase 1 and 211 lots in Phase 2. The Developer began construction of the Improvement Area #1 Improvements in May 2024. The Improvement Area #1 Improvements in Phase 1 were completed in January 2026 and the Improvement Area #1 Improvements in Phase 2 are expected to be completed by June 2026. The Developer began development of the Major Improvements in August 2024. The Major Improvements are expected to be completed in June 2026.

As of January 1, 2026, the Developer had spent approximately \$10,380,143 on costs of the Improvement Area #1 Improvements, approximately \$2,013,100 on the Major Improvements, and approximately \$1,630,912 on costs of the Private Improvements.

* Preliminary, subject to change.

Expected Lot Buildout and Absorption and Home Prices in the District

The following tables reflect the Developer's expectations with respect to lot buildout and absorption timing and lot and home prices, respectively, in the District.

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Expected Buildout and Absorption of Lots in the District

	<u>Lot Size</u>	<u>Number of Lots</u>	<u>Actual/Expected Infrastructure Completion Date</u>	<u>Expected Initial Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Final Sale Date of Single-Family Lots to Homebuilders</u>	<u>Expected Initial Sale Date of Single-Family Homes to Homeowners</u>
<u>Improvement Area #1</u>						
Phase 1	50'	203	January 2026	February 2026	February 2027	July 2026
Phase 2	50'	<u>211</u>	June 2026	June 2026	December 2029	December 2026
		414				
<u>Improvement Area #2</u>						
	25'	47	June 2027	July 2027	December 2029	September 2027
	35'	97				
	40'	100				
	45'	<u>70</u>				
		314				
<u>Improvement Area #3</u>						
	25'	47	September 2028	October 2028	September 2030	July 2029
	35'	105				
	40'	100				
	45'	<u>62</u>				
		314				
<u>Improvement Area #4</u>						
	35'	93	June 2030	July 2030	October 2032	November 2030
	40'	131				
	45'	76				
	50'	15				
	60'	5				
	70'	<u>5</u>				
		325				
<u>Improvement Area #5</u>						
	40'	80	September 2031	October 2031	September 2033	April 2032
	45'	52				
	50'	118				
	60'	15				
	70'	<u>5</u>				
		270				
<u>Improvement Area #6</u>						
	40'	91	December 2032	January 2033	September 2034	May 2033
	45'	37				
	50'	115				
	60'	20				
	70'	<u>7</u>				
		270				
<u>Improvement Area #7</u>						
	40'	42	June 2033	July 2033	September 2035	December 2033
	45'	25				
	50'	130				
	60'	15				
	70'	<u>8</u>				
		220				
<u>Improvement Area #8</u>						
	40'	21	June 2034	July 2034	September 2036	December 2034
	45'	28				
	50'	131				
	60'	15				
	70'	<u>10</u>				
		205				
		<u>2,332</u>				

Expected Lot and Home Prices in the District

	<u>Lot Type</u>	<u>Number of Lots</u>	<u>Expected Lot Prices</u>	<u>Expected Home Prices</u>
<u>Improvement Area #1</u>	50' Detached	414	\$65,000 - \$72,500 ⁽¹⁾	\$325,000
<u>Improvement Area #2</u>	25' Townhome	47	\$52,500	\$278,000
	35' Alley	97	\$65,000	\$290,000
	40' Alley	100	\$72,000	\$310,000
	45' Alley	<u>70</u>	\$75,000	\$325,000
		314		
<u>Improvement Area #3</u>	25' Townhome	47	\$55,000	\$285,000
	35' Alley	105	\$69,000	\$345,000
	40' Alley	100	\$77,000	\$385,000
	45' Alley	<u>62</u>	\$80,000	\$400,000
		314		
<u>Improvement Area #4</u>	35' Alley	93	\$79,000	\$395,000
	40' Alley	131	\$88,000	\$440,000
	45' Alley	76	\$90,000	\$450,000
	50' Detached	15	\$106,000	\$530,000
	60' Detached	5	\$137,000	\$685,000
	70' Detached	<u>5</u>	\$145,000	\$725,000
		325		
<u>Improvement Area #5</u>	40' Alley	80	\$94,000	\$470,000
	45' Alley	52	\$96,000	\$485,000
	50' Detached	118	\$120,000	\$600,000
	60' Detached	15	\$140,000	\$705,000
	70' Detached	<u>5</u>	\$154,000	\$765,000
		270		
<u>Improvement Area #6</u>	40' Alley	91	\$100,000	\$500,000
	45' Alley	37	\$102,000	\$505,000
	50' Detached	115	\$130,000	\$650,000
	60' Detached	20	\$144,000	\$725,000
	70' Detached	<u>7</u>	\$158,000	\$795,000
		270		
<u>Improvement Area #7</u>	40' Alley	42	\$115,000	\$575,000
	45' Alley	25	\$121,000	\$585,000
	50' Detached	130	\$139,000	\$695,000
	60' Detached	15	\$147,000	\$740,000
	70' Detached	<u>8</u>	\$162,000	\$830,000
		220		
<u>Improvement Area #8</u>	40' Alley	21	\$120,000	\$575,000
	45' Alley	28	\$125,000	\$595,000
	50' Detached	131	\$144,000	\$710,000
	60' Detached	15	\$150,000	\$755,000
	70' Detached	<u>10</u>	\$167,000	\$860,000
		205		
		<u>2,332</u>		

⁽¹⁾ Excludes contractual price escalations.

The Amenities and Private Improvements

In addition to the Major Improvements and the Improvement Area #1 Improvements, the Developer will construct the Private Improvements and the Amenities. The Private Improvements include lot excavation, electrical improvements, construction material testing, developer fees, geotechnical reports, landscape, irrigation, entries, and the private allocation of the Phase 1 turn lane (6.28%). The “Amenities” include an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces, approximately 2,500 linear feet of 8’ concrete hike and bike trails (both to be completed in the third phase of development), playgrounds, a splash pad, open space, creek bed, and parks. See “– Development Agreement.”

The Amenities and storm water detention ponds and related facilities, entries and signage, open spaces, common areas, right-of-way irrigation and landscaping, screening walls, and exterior fencing will be owned, operated, and maintained by the HOA. See “OVERLAPPING TAXES AND DEBT – Homeowners’ Association Dues.”

Future Improvement Areas and Future Improvement Area Obligations

The Developer and the MIA Lot Developer expect to request that the City issue Future Improvement Area Obligations to finance the costs of public improvements within the Future Improvement Areas of the District as the development proceeds. The Future Improvement Area Obligations, if any, will be secured by separate assessments, separate and distinct from the Major Improvement Area Assessments, levied pursuant to the PID Act on assessable property within the applicable Future Improvement Areas that benefit from the public improvements being financed.

Lot Purchase Agreements and Letter of Intent within the District

The Developer has entered into the Hakes Bros LOI and the Improvement Area #1 Lot Purchase Agreements with the Improvement Area #1 Homebuilders for 290 of the planned 414 Lots within Improvement Area #1.

The following table reflects the names of the Improvement Area #1 Homebuilders and the number of lots to be purchased pursuant to the Hakes Bros LOI and both Improvement Area #1 Lot Purchase Agreements. It is noted that the lot purchase agreement with Adams is currently in the feasibility period. [The feasibility period continues until February __, 2026]. **No assurance can be given that Adams will continue with its contract after the feasibility period.**

<u>Homebuilder</u>	<u>Number of Lots</u>
CastleRock	110
Adams	115
Hakes Bros.	<u>65</u>
	290

The MIA Lot Developer has not yet executed lot purchase agreements for lots in the Major Improvement Area.

Development Agreement

The City and the Developer entered into the Development Agreement which sets forth, among other things, (i) the agreement to construct the Improvement Area #1 Improvements and the Major Improvements within the District in accordance with the construction standards set forth therein, (ii) the ownership, operation, and maintenance of the Improvement Area #1 Improvements and the Major Improvements, and (iii) the reimbursement to the Developer or its affiliates, including the MIA Lot Developer, for the costs to construct the Authorized Improvements in the District in an amount not to exceed \$150,000,000 from proceeds of PID Bonds (defined therein). See “APPENDIX F – Development Agreement.”

The Development Agreement requires that the issuance of any PID Bonds is subject to the following conditions:

- For PID Bonds issued to fund construction of public improvements in Improvement Area #1, which may include a pro-rata portion of the Major Improvements benefitting such improvement area, a minimum value to lien ratio of 2:1 based on the anticipated final lot values as provided in a third-party appraisal;
- For PID Bonds issued to fund construction of Major Improvements and local improvements in phases subsequent to Improvement Area #1, a minimum value to lien ratio of 3:1 based on the anticipated final lot values as provided in a third-party appraisal;
- A maximum tax rate equivalent of Assessments, including the Major Improvement Area Assessments, taking into account the TIRZ Annual Credit Amount, of \$1.25 per \$100 of assessed valuation assuming the Estimated Buildout Value of the applicable parcels; and
- A maximum maturity date of 35 years.

The City also agrees in the Development Agreement to the following:

- Create the TIRZ and contribute (i) twenty three percent (23%) of the City ad valorem tax increment generated within the TIRZ in years 2026-2035 and twenty-eight and one half percent (28.5%) of the City ad valorem tax increment generated within the TIRZ in years 2036-2065 within each phase (the “City Tax Increment”), whether the Initial Phase or any Subsequent Phase, for which an Assessment for local or zone improvements has been levied for such phase within thirty (30) years in the TIRZ to offset special assessments.
- Provide a maximum of 2,786 living unit equivalents, which is an average daily flow of 200 gallons per day for water and 200 gallons per day for wastewater, of water and wastewater capacity to the Development.
- Expand the City’s Certificate of Convenience and Necessity (“CCN”) for water and wastewater to include the entire Development, including obtaining approval from the Texas Public Utility Commission by December 31, 2027, for the additional 141 acres owned by the MIA Lot Developer and not located within Improvement Area #1, and by December 31, 2031, for the remaining property in the District.
- None of Developer funds, PID funds, or TIRZ funds shall be used to pay the costs of any oversizing of public improvements.

The Development Agreement obligates the Developer to the following:

- Pay Aqua for release of its CCN in the estimated amount of \$4,815,701.59 due upon the PUC’s adoption of an order granting the transfer application and expiration of the time for any appeals.
- Reimburse the City for actual costs for legal and engineering to obtain PUC approval.
- Dedicate approximately 71.59 acres to the City for parks and community facilities, including a school site. The Developer has dedicated approximately 25 acres to Lockhart ISD.
- Construct approximately 2,500 linear feet of 8’ concrete hike and bike trails in the third phase of development.

- Construct seven half-acre pocket parks with approximately \$100,000 of improvements in each, including a minimum of six parking spaces.
- In the third phase of development, construct an amenity center on at least two acres with at least \$1 million of improvements, including at least 15 parking spaces;
- Construct storm water detention facilities so that they can provide recreational opportunities.
- Dedicate approximately 3 acres to the City for public safety or other City purposes other than water or sewer treatment.
- Pay \$5,000,000 to the City as a contribution toward costs of certain off-site Authorized Improvements and compensation for the District's consumption of existing capacity in the City's wastewater treatment plant, \$450,000 payable prior to final plat of phase 2, and \$4,550,000 payable prior to final plat for phase 3 of the Development, such payment to be credited against wastewater impact fees owed by the MIA Lot Developer or future builders.
- Pay not more than \$6,383,000 to the City as a contribution to the cost of design and construction of a 1-million-gallon elevated water storage tank and compensation for the District's consumption of existing capacity in the City's water treatment plant, \$600,000 payable prior to final plat of phase 2, and \$5,783,000 prior to final plat of phase 3 of the Development.
- Contribute 15% of the cost to design and construct the expansion and replacement of 13,700 linear feet of 21" sewer line, estimated cost to the Developer of \$1,567,620. The expansion and replacement are expected to occur in Phase 4 or Phase 5 of the Development.
- Provide the City with a tract to accommodate the location, construction, and operation of a minimum 1 million water storage tank. See the Concept Plan on page v for the expected location of such tract in "Phase 2."
- Provide the City with access easements to mutually acceptable sites within the Development for test wells and permanent easements for a maximum of three producing groundwater wells, such sites not to alter Concept Plan.

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The following table from the Development Agreement shows the responsibilities for payment of costs of various public improvements, some of which are not eligible to be funded through the District. See “APPENDIX F – Development Agreement.”

Infrastructure Item	Construction Responsibility	Cost Responsibility
Exhibit J - Water		
Elevated storage tank	City	Developer contributes \$ 6.383 million as described in Section 7.1(b);
Phase 1 Collector to water tank	Developer	Developer (PID funded/Developer dollars)
Phase 1 Extend 12" watermain on FM1322	Developer	Developer (PID funded/Developer dollars)
Exhibit K - Wastewater		
Treatment Plant Expansion	City	Developer contributes \$5 million as described in Section 7.1(a); remaining costs are City expense
Upsizing of 21" existing Gravity Sewer Interceptor	City	City to upsize with City funds provided that Developer will contribute 15% of the overall cost of such interceptor as described in Section 7.2(d)
Phase 1 Connect Force main to Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Sanitary Force main	Developer	Developer (PID funded/Developer dollars)
Phase 2 Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 12" Gravity Sewer	Developer	Developer (PID funded/Developer dollars)
Phase 1 Regional Lift Station	Developer	Developer (PID funded/Developer dollars)
Exhibit L1 – Off-site Roadway		
All items	Developer	Developer (PID funded/Developer dollars)

Photographs of the District

Photographs of the District are included in “APPENDIX H – Photographs of the District.”

Zoning/Permitting

Pursuant to the Development Agreement, the Developer has agreed that development of the Major Improvement Area of the District will be governed by the provisions of the City’s Code of Ordinances, ordinances not codified, design standards, uniform and international building and construction codes, and other policies duly adopted by the City. The development of the property in the Major Improvement Area will be governed by the concept plan for the District and the Development Agreement. See the concept plan on page v.

Education

The District is located within Lockhart ISD. Lockhart ISD operates one early education center, six elementary schools, one junior high school, and two high schools. Students within the District are expected to attend Navarro Elementary School (approximately 3 miles from the District), Lockhart Junior High School (approximately 5 miles from the District), and either Lockhart High School (approximately 3 miles from the District) or Lockhart Pride High School (approximately 3.5 miles from the District). Lockhart ISD will construct a junior high school within the District which is expected to open to students in fall 2027.

GreatSchools.org rates Navarro Elementary School 4 out of 10, Lockhart Junior High School 4 out of 10, Lockhart High School 3 out of 10, and Lockhart Pride High School 2 out of 10. According to the Texas Education Agency accountability reports for the 2024-2025 school year, Lockhart ISD and Navarro Elementary School were rated “D” and Lockhart Junior High School, Lockhart High School, and Lockhart Pride High School were rated “C.” (The categories for public school districts and public schools are A, B, C, D or F).

Environmental

Site Evaluation. A Phase I Environmental Site Assessment (the “Phase I ESA”) of approximately 515.54 acres, including the property within the Major Improvement Area of the District, dated July 31, 2023, was delivered by ECS Southwest, LLP. The Phase I ESA did not reveal any evidence of recognized environmental conditions (historical or controlled) in connection with the subject property, which includes the land in the Major Improvement Area.

Endangered and Threatened Species. According to the website for the Texas Parks and Wildlife Department, the following land-based endangered and threatened species are known or believed to occur in Caldwell County:

Endangered: *amphibians:* Texas blind salamander, Houston toad; *birds:* whooping crane, interior least tern; *fish:* fountain darter; *mollusks:* Guadalupe orb, false spike.

Threatened: *amphibians:* San Marcos Salamander; *birds:* white-faced ibis, wood stork, swallow-tailed kite, black rail, piping plover, rufa red knot, yellow-billed cuckoo; *fish:* headwater catfish, Guadalupe darter; *reptiles:* Cagle’s map turtle, Texas horned lizard.

The Developer is not aware of any endangered or threatened species located on property within the Major Improvement Area.

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

There are certain mineral rights exceptions of prior owners of real property within the District (the “Mineral Owners”) pursuant to one or more deeds in the chain of title for the property in the District. The Developer is not aware of any ongoing mineral rights development or exploration adjacent to the District.

While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Additionally, any drilling within the City limits must comply with Chapter 38 of the City’s Code of Ordinances, including the requirement to obtain a permit and certain required setbacks from residences, schools, and other facilities. The property within Improvement Area #1 is within the City limits. Property within the Major Improvement Area is expected to be annexed into the City limits in phases as development progresses.

Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the Major Improvement Area of the District to pay Major Improvement Area Assessments, the Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS – Exercise of Third-Party Property Rights.”

Flood Plain

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains. See “BONDHOLDERS’ RISKS – Flood Plains.”

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the District. See “THE CITY – Water and Wastewater.”

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Cable/Data	Centric Fiber
Electric	Bluebonnet Electronic Cooperative
Gas	Centric

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 data and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by 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 and the MIA Lot Developer

RODG DT Seawillow PropCo LLC, a Texas limited liability company, is the MIA Lot Developer in the Major Improvement Area of the District. Red Oak is the majority member of the general partner of the MIA Lot Developer, which general partner has 100% of the voting rights with respect to the MIA Lot Developer. Tom Staub is the manager of Red Oak.

Red Oak is also the manager of the Developer with 100% of the voting rights.

The MIA Lot Developer was created for the purpose of managing and conveying the property within the Major Improvement Area to third parties. The MIA Lot Developer will have no source of funds with which to pay Major Improvement Area Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the Major Improvement Area of the District or funds advanced to the MIA Lot Developer by an affiliated party.

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Examples of projects undertaken by Red Oak include the following:

Name of Project	Location	Description	Status of Development
Pepper Creek Crossing	Temple, Texas	Single Family Residential	Development complete
The Johnson	Cleveland, Ohio	Class B Apartments	Development complete
Honeysuckle Phase 1 and 2	Williams, Arizona	Single Family Residential	Development complete
Meadowview Estates	Luling, Texas	Single Family Residential	Development complete
Sherman 50	Sherman, Texas	Single Family Residential	Development complete
Georgetown Commercial	Georgetown, Texas	Commercial pad-site development	Development complete
Cedar Ridge Townhomes	Arlington, Texas	Class B Multifamily	Development complete
Mesquite Cartwright Medical Office Building	Mesquite, Texas	Multi-Tenant Medical Office	Development complete
Royal Sienna	Missouri City, Texas	Class A Luxury Multifamily	Development complete
The Lakes at Renaissance	Austin, Texas	Class B Multifamily	Development complete
Temple Flex Industrial	Temple, Texas	Flex Industrial	In entitlements
Prairie Lea	Caldwell County, Texas	Single Family Residential	In entitlements
The Gristmill	Caldwell County, Texas	Single Family Residential	In entitlements
Seguin 80	Seguin, Texas	Single Family Residential	In entitlements
Dale 25	Dale, Texas	Single Family Residential	Development complete
Pinehaven	Flagstaff, Arizona	Residential (condos and townhomes)	In entitlements

Executive Biographies of Principals of the Developer

Tom Staub. Tom Staub is the Chief Executive Officer of Red Oak. As CEO, Tom oversees the underwriting of projects, financial planning, debt and equity strategy, company growth and mission, and is focused on the viability of projects, partnerships, and land use strategy.

David Teo. David Teo is a partner at Red Oak. He oversees capital strategy which includes structuring project capital stack, compliance, and investor management. David is also responsible for developing strategic partnerships with commercial developers and businesses to development commercial products within Red Oak's master planned communities.

Mike Miller. Mike Miller is Executive Vice President of Real Estate and Community Development at Red Oak. Mike oversees builder partnerships and negotiations, commercial partnership executions, homeowners' association formation and execution, homeowners' association covenants, conditions, and restrictions and architectural standard compliance, construction partnerships and negotiations, and land acquisition feasibility and underwriting. Prior to joining Red Oak, Mike was Senior Vice President of the Land Division at the Signorelli Company, one of Houston's largest land development companies, overseeing the master planned community division. Prior to Signorelli, Mike was Vice President at Ashlar Development, held roles in land acquisition for Taylor Morrison and CalAtlantic Homes. Mike has a Master's Degree in Real Estate Development from Texas A&M University.

History and Financing of the District

Acquisition of Land Within the District. The Developer purchased approximately 89.775 acres constituting Improvement Area #1 in August 2021.

The MIA Lot Developer purchased approximately 141.2 acres within the Major Improvement Area in September 2024 using a loan from Capstone Fund, LLC in the original principal amount of \$6,300,000 (the "Acquisition Loan"). The Acquisition Loan is secured by the 141.2 acres owned by the MIA Lot Developer in the

Major Improvement Area of the District and additional land owned by a Red Oak affiliate. Red Oak is under contract for the purchase of the remaining 357.578 acres in the Major Improvement Area in two purchases, the first approximately 175 acres to be purchased by July 2026 and the second, which is dependent on the successful closing of the first, approximately 182 acres to be purchased by July 2029. As of January 1, 2026, the Acquisition Loan is currently outstanding in the amount of \$6,300,000.

Improvement Area #1 Improvements and Major Improvements Construction Financing. The Developer obtained a construction loan (the “Construction Loan”) in the principal amount of \$23,800,000 in October 2024 from Techo Funding, LLC, a Delaware limited liability company. The Construction Loan is secured by a deed of trust on all real property in Improvement Area #1 of the District. The Construction Loan matures on May 1, 2027. As of January 1, 2026, the outstanding balance of the Construction Loan is \$16,484,789.34. The Construction Loan is not secured by any property in the Major Improvement Area.

Summary of At-Risk Entities and Investments in the District Subordinate to the Assessment Lien. In order to finance the purchase of land in the Major Improvement Area, the MIA Lot Developer has 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 Major Improvement Area Assessments securing the Bonds. A list of the entities with at-risk capital whose position or lien is subordinate to that of the Major Improvement Area Assessments is listed in the following table and more fully described above.

Summary of Entities with At-Risk Capital Subordinate to the Lien Securing the Bonds

At Risk Entity	Funding Type	Funding Purpose	Security	Position to Assessment Lien	Amount	Outstanding Balance
Capstone Fund, LLC	Promissory Note	Acquisition Loan	Deed of Trust on 141.2 acres in Major Improvement Area owned by Developer	subordinate	\$6,300,000	\$6,300,000
Total Outstanding Balance of Loans Secured by a Subordinate Lien Against Real Property within the Major Improvement Area of the District as of January 1, 2026:						\$6,300,000

The PID Act provides that the Assessment Lien is a first and prior lien against the Major Improvement Area 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 prior to delivery of the Bonds, Capstone Fund, LLC, will acknowledge the creation of the District, the levy of the Major Improvement Area Assessments, and the subordination of the liens securing the Acquisition Loan to the Assessment Lien. As provided by the PID Act and acknowledged by Capstone Fund, LLC, the Assessment Lien will have priority over the liens on the property within the Major Improvement Area of the District securing the Acquisition Loan, and any other loans that may be obtained by the Developer, the MIA Lot Developer, or their affiliates.

THE ADMINISTRATOR

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

The City has selected P3Works, LLC, as the Administrator. The City has entered into an agreement with the Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston, and North Richland Hills, Texas.

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan;
- Preparation of assessment rolls for county billing and collection;
- Establishing and maintaining a database of all County Parcel identification numbers 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 public improvement costs.

APPRAISAL

General. Barletta & Associates, Inc. (the "Appraiser"), prepared an appraisal report for the City dated August 6, 2025, based upon a physical inspection of the District conducted on June 30, 2025 (the "Appraisal"). The Appraisal was prepared at the request of the City and is addressed solely to the Underwriter for use in preparing an estimated value of property in the Major Improvement Area of the District in connection with the issuance of the Bonds. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value and do not address the value or benefit of the Major Improvement Area Improvements. Investors should not assume that the disposition of the lots in the Major Improvement Area of the District in the event of default would provide sufficient funds to pay the principal of the Bonds outstanding at that time. The Appraisal does not constitute a recommendation to any person to purchase or sell the Bonds. The description of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the Major Improvement Area of the District. The Appraisal is attached hereto as APPENDIX I 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 I – Appraisal."

Value Estimates. The Appraiser estimated the "as is" market value as of June 30, 2025, of the fee simple interest in the 1,918 paper lots in the Major Improvement Area of the District. See "APPENDIX I – Appraisal."

Using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, the "as is" market value as of June 30, 2025, of the fee simple interest in the 1,918 paper lots in the Major Improvement Area of the District, is \$30,688,000.*

None of the City, the Developer, the Financial Advisor, or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions and qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized and none of the City, the Developer, or the Underwriter make any representation as to the reasonableness of such assumptions.

In connection with the preparation of the Appraisal, the Appraiser may have reviewed the information supplied or otherwise made available to it by the City for reasonableness, has assumed and relied upon the accuracy and completeness of all such information and of all information supplied or otherwise made available to it by any other party, and did not undertake any duty or responsibility to verify independently any of such information. The Appraiser has not made or obtained, nor will it make or obtain, an independent valuation or appraisal of any other assets or liabilities (contingent or otherwise) other than the property in the District. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the City's employees, representatives, and advisors, as well as any corrections or updates to such forecasts and other information and data.

In performing its analyses, the Appraiser has made numerous other assumptions with respect to general business, economic and regulatory conditions, and other matters, many of which are beyond the Appraiser's control and the City's control, as well as certain factual matters. For example, the Appraiser assumed that the Developer has clear and marketable title to the property in the District, that no title defects exist unless the Appraiser was specifically informed to the contrary, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser's analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuation. The foregoing is a summary of the standard assumptions, qualifications and limitations that generally apply to the Appraiser's appraisal reports.

The Appraiser confirms that the valuations included in the Appraisal were prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser's internal forecasts of net operating income for the properties in the Major Improvement Area of the District is considered by the Appraiser to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

The intended use and user of the Appraisal are specifically identified in the Appraisal as agreed upon in the contract for services and/or reliance language found in the Appraisal. 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.

BONDHOLDERS' RISKS

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

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM A FIRST LIEN ON, SECURITY INTEREST IN, AND PLEDGE OF 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 TRUST ESTATE 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 TRUST ESTATE.

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. See “– Limited Secondary Market for the Bonds.”

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. See “– No Credit Rating.”

Deemed Representations and Acknowledgment by Initial Purchasers

Each Initial Purchaser will be deemed to have acknowledged and represented to the City the matters set forth under the heading “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” which include, among others, a representation and acknowledgment that the purchase of the Bonds involves investment risks, certain of which are set forth under this heading “BONDHOLDERS’ RISKS” and elsewhere herein, and each Initial Purchaser, 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 Initial Purchaser can afford a complete loss of its investment in the Bonds.

General Factors relating to Payment of the Bonds

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City’s control. These factors include, among others, (a) the ability or willingness of property owners within the Major Improvement Area of the District to pay Major Improvement Area Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #1 of the District, (c) general and local economic conditions 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 Improvement Area #1 of 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 Major Improvement Area of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the land within the Major Improvement Area of the District should proceed more slowly than expected and the MIA Lot Developer or a Landowner is unable to pay the Major Improvement Area Assessments, only the value of the Major Improvement Area 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 Major Improvement Area of 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.

Assessment Limitations

Annual Installments of Major Improvement Area Assessments are billed to owners of Major Improvement Area Assessed Property. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as ad valorem taxes as described 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 the Bonds maturing in each year, interest, Additional 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 Major Improvement Area Assessments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in the District, the City has established a

Reserve Account in the Reserve Fund, 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 Major Improvement Area Assessed Property within the District, any Major Improvement Area Assessment that is 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 Major Improvement Area Assessments, the liens securing such delinquent ad valorem taxes and delinquent Major Improvement Area Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Major Improvement Area 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 Annual Installments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future Annual Installments 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 Pre-existing Homestead Rights were properly claimed prior to the adoption of the Assessment Ordinance for as long as such Pre-existing Homestead Rights are maintained on the property. It is unclear under State law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights are expected to have been claimed. Furthermore, the MIA Lot Developer is not eligible to claim homestead rights and, because currently there are no homes within the Major Improvement Area, the Landowners are not eligible to claim homestead rights. The MIA Lot Developer and the Landowners have represented that they will own all property within the Major Improvement Area of the District as of the date of adoption of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Major Improvement Area Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien 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 Major Improvement Area 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 MAJOR IMPROVEMENT AREA 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 MAJOR IMPROVEMENT AREA ASSESSED PROPERTY.

Direct and Overlapping Indebtedness, Major Improvement Area Assessments, and Taxes

The ability of an owner of Major Improvement Area Assessed Property to pay the Major Improvement Area 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

Major Improvement Area of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the Major Improvement Area of the District. The imposition of additional liens, whether from taxes, assessments, or for private financing, may reduce the ability or willingness of the landowners to pay the Major Improvement Area Assessments. See “OVERLAPPING TAXES AND DEBT.”

Depletion of Accounts of the Reserve Fund; No Prefunding of Delinquency and Prepayment Reserve Account

Failure of the owners of Major Improvement Area Assessed Property to pay the Major Improvement Area Assessments when due could result in the rapid, total depletion of the Reserve Account and the Delinquency and Prepayment Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Fund. The Delinquency and Prepayment Reserve Account of the Reserve Fund is not funded from the proceeds of the Bonds. Instead, funding of the Delinquency and Prepayment Reserve Account is accumulated over time, by the mechanism described in “SECURITY FOR THE BONDS SIMILARLY SECURED – 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, as described under “SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund.” The Indenture also provides that if the amount on deposit in the Delinquency and Prepayment Reserve Account shall at any time be less than the Delinquency and 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 Pledged Revenue Fund into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account; provided, however, that the City shall not be required to replenish the Delinquency and Prepayment Reserve Account in the event funds are transferred from the Delinquency and 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 SIMILARLY SECURED – Reserve Fund.”

Lien Foreclosure and Bankruptcy

The payment of Major Improvement Area Assessments and the ability of the City to foreclose on the lien of a delinquent unpaid Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area Assessments might not be paid in full. See “OVERLAPPING TAXES AND DEBT.”

Bondholders’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds Similarly Secured, including the Bonds, or the occurrence of any other Event of Default under the Indenture, the Trustee may, and at the written direction of a Quarter in Interest of the Bonds Similarly Secured then Outstanding and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained therein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its use rests within the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds Similarly Secured 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 Similarly Secured cannot themselves foreclose on property within the Major Improvement Area of the District in order to pay the principal of and interest on the Bonds Similarly Secured. The enforceability of the rights and remedies of the owners of the Bonds Similarly Secured 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 Major Improvement Area of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Major Improvement Area Assessments, or delinquent ad valorem taxes, against such property owner.

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued,” in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities.

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018, clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgment, is justiciable against a municipality.

The City is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by such act. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages in the absence of City action, the Trustee or the Holders 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 Similarly Secured 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 (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to Holders of the Bonds Similarly Secured, including 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 Similarly Secured 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 Major Improvement Area of the District available to pay debt service on the Bonds Similarly Secured may be limited by the existence of other tax liens on the property. See “OVERLAPPING TAXES AND DEBT.” Collection of delinquent taxes, assessments, and Major Improvement Area 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 Similarly Secured, including the Bonds, or the Indenture.

Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the Holders of the Bonds Similarly Secured, including the Bonds, may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State law to voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946 (“Chapter 9”). The City may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to effect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

If the City decides in the future to proceed voluntarily under Chapter 9, the City would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the plan if (1) the plan complies with the applicable provisions of Chapter 9, (2) all payments to be made in connection with the plan are fully disclosed and reasonable, (3) the City is not prohibited by law from taking any action necessary to carry out the plan, (4) administrative expenses are paid in full, (5) all regulatory or electoral approvals required under State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the Holders of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City’s debt. The City cannot predict a Bankruptcy Court’s treatment of the Holders’ creditor claim and whether a Holder would be repaid in full.

State Law Requiring Notice of Major Improvement Area Assessments; Failure of Developer and Homebuilders to Deliver Required Notice Pursuant to Texas Property Code

The 87th Legislature passed HB 1543, which became effective September 1, 2021, 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 a homebuilder does not provide the required notice and prospective purchasers of property within the Major Improvement Area of 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 Major Improvement Area Assessments on such property may be paid. In the event of such prepayment, a partial redemption of the Bonds could occur. See "DESCRIPTION OF THE BONDS – Redemption Provisions." 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 a homebuilder does 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 Exhibit M to the Service and Assessment Plan and will be included in each Annual Service Plan Update. See "APPENDIX C – Form of Service and Assessment Plan."

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State, including two special sessions, ended on September 4, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

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 a Holder 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 Holders of the Bonds, depending on the progress of development of the Major Improvement Area Assessed Property, existing real estate and financial market conditions, and other factors.

No Credit Rating

The City has not applied for or received a credit rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to their 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.

Adverse Developments Affecting the Financial Services Industry

Actual events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, transactional counterparties, or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. In the recent past troubled financial

institutions have been closed and/or swept into receivership by the Federal Deposit Insurance Corporation (“FDIC”) or acquired by or received cash rescue packages from more solvent financial institutions. Borrowers under credit agreements, letters of credit, and certain other financial instruments with any financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts for an unspecified period.

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

General Risks of Real Estate Investment and Development

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

Furthermore, the operating revenues of the Developer may be materially adversely affected if specific conditions in any lot purchase contracts are not met. Contracts that the Developer may have with individual homebuilders will be subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developer or the MIA Lot Developer to possibly need to execute a different strategy for the development and sale of lots and residential units within the Development. As described herein, the Major Improvement Area Assessments are an imposition against the land only. None of the Developer, the MIA Lot Developer, the Landowners, or any other subsequent landowner is a guarantor of the Major Improvement Area Assessments and the recourse for the failure of the MIA Lot Developer, a Landowner, or any other landowner to pay the Major Improvement Area Assessments is limited to the collection proceedings against the land as described herein.

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of the MIA Lot Developer, the Landowners, homebuilders, and any subsequent owners to pay the Major Improvement Area Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Major Improvement Area 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 Major Improvement Area 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. It is difficult to determine what effects the on-again, off-again tariffs imposed by the federal administration and retaliatory tariffs against the United States will have on 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 and Labor Shortages

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, threatened impositions of tariffs, and the imposition or threatened imposition of retaliatory tariffs against the United States will impact the ability of the Developer and homebuilders to estimate costs. If the Actual Costs of the Major Improvement Area Improvements are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Major Improvement Area Improvements, of homebuilders to construct homes, or the Developer or homebuilders to pay the Major Improvement Area Assessments when due. See "THE DEVELOPER – History and Financing of the District." If the cost of materials remains high or increases, it may affect the ability of homebuilders to construct homes within the Major Improvement Area of the District.

The federal administration's immigration policies may impact the State's workforce. Undocumented construction workers make up a large percentage of construction workers in the State. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages, particularly in construction. Labor shortages will impact the Developer's ability to estimate costs and to complete the Major Improvement Area Improvements and homebuilders' ability to construct homes within the Major Improvement Area of the District.

Completion of Homes

The cost and time for completion of homes by homebuilders is uncertain and may be affected by 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 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 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.

Absorption Rate

There can be no assurance that the Developer will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates may adversely affect the estimated value of the Major Improvement Area of the District, could impair the economic viability of the Major Improvement Area of the District, and could reduce the ability or desire of property owners in the Major Improvement Area of the District to pay the Major Improvement Area Assessments.

Competition

The housing industry in the greater Austin 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 of the single-family residential development within the District which are planned will ever commence or be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or homebuilders in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the Major Improvement Area of the District.

Competitive projects in the area include, but are not limited to the following:

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District</u>	<u>Developer</u>	<u>Prices</u>
Summerside	1,008	< 1 mile	Lennar	\$218k-\$355k
Centerpoint Meadows	498	5 miles	British American Development Corp.	\$249k-348k
Hartland Ranch	301	8 miles	D.R. Horton	\$388k-\$405k
Trace	1,022	25 miles	Highpointe Communities	\$255k-\$450k
Blanco Vista	2,238	20 miles	Brookfield Residential	\$324k-\$470k

Source: The Developer

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

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 Major Improvement Area of 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 Major Improvement Area of 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 Major Improvement Area of 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 Major Improvement Area of 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. These possibilities could significantly affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for discussion of the Phase I ESA performed on property within the District.

Regulation

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

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, as applicable. 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.”

Portions of the State, including the City and its surrounding area, are experiencing significant growth, which has produced and is expected to continue to produce a growing demand for water and wastewater service. The ability of the City to provide an adequate supply of water and sufficient capacity for treatment of wastewater, as applicable, is dependent on many factors, including, but not limited to, supply and demand of materials to complete necessary water and wastewater improvements, compliance with the Texas Commission on Environmental Quality regulations, the effects of extreme weather events on such entities’ water and wastewater systems, and the construction of developments competing with the District. See “THE DEVELOPMENT – Utilities,” “BONDHOLDERS’ RISKS – General Risks of Real Estate Investment and Development,” “– Risks Related to Recent Increase in Costs of Building Materials,” “– Competition,” “– Regulation,” and “– Risk from Weather Events.”

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that such growing demand may have on the City, the District, the projected buildout schedule, availability of water and wastewater service to the District or an investment in the Bonds.

Flood Plains

According to the FEMA FIRM Community Panel number 48055C0235E (June 19, 2012), the property in the District lies outside the range of both the 100-year and 500-year floodplains.

FEMA will from time to time revise its FIRMs. None of the City, the Underwriter, or the Developer makes any representation as to whether FEMA may revise its FIRMs, whether such revisions may result in homes that are currently outside of the 500-year or 100-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.

Risk from Weather Events

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, wildfires, hurricanes, tropical storms, 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 herein under “THE DEVELOPMENT – Mineral Rights, Easements and Other Third-Party Property Rights,” there are certain mineral rights reservations located within the District not owned by the MIA Lot Developer or the Landowners. There may also be additional third-party rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Caldwell County.

Neither the Developer nor the MIA Lot Developer expects the existence or exercise of any third-party rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the Major Improvement Area of the District to pay Major Improvement Area Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Tax Exempt Status of the Bonds

The Indenture contains covenants by the City intended to preserve the exclusion from gross income of interest on the Bonds Similarly Secured, including 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,” 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. In the past, the IRS announced audit efforts focused in part on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. 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 Holders of the Bonds 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.

Management and Ownership

The management and ownership of the Developer, the MIA Lot Developer, and related or affiliated property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or

be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the District.

Dependence Upon MIA Lot Developer and other Landowners

Currently, the MIA Lot Developer and the other Landowners have the obligation for payment of 100% of the Major Improvement Area Assessments. The ability of the MIA Lot Developer and the other Landowners to make full and timely payment of the Major Improvement Area Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The sole assets of the MIA Lot Developer are land within the District, related permits, and development rights and minor operating accounts. There can be no assurances given as to the financial ability of the MIA Lot Developer to advance any funds to the City to supplement revenues from the Major Improvement Area Assessments if necessary, or as to whether the MIA Lot Developer will advance such funds. See “THE DEVELOPER – Description of the Developer and the MIA Lot Developer.”

None of the MIA Lot Developer, the Landowners, or any homebuilders will guarantee or otherwise be obligated to pay debt service on the Bonds. Payment of the Major Improvement Area Assessments on the Major Improvement Area Assessed Property will initially be the responsibility of the MIA Lot Developer and the other Landowners, as the case may be, as the owners of such Major Improvement Area Assessed Property prior to purchase by homebuilders or homeowners.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The 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 and specified therein. The estimated market value specified in the Appraisal 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 Major Improvement Area of 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 Major Improvement Area of the District.

In performing its analyses, an Appraiser makes 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 and the date of the Appraisal.

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.

Agricultural Use Valuation and Redemption Rights

The majority of the property in the Major Improvement Area is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. The Developer expects that property will be removed from agricultural valuation as development progresses. Under State law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although the Major Improvement Area Assessments are not considered a tax under State law, the PID Act provides that the lien for the Major Improvement Area Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be

available following a foreclosure of a lien for the Major Improvement Area Assessments, though there is no indication in State law that such redemption rights would be available in such a case.

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.

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 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 in the City's federal tax certificate. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with 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 corporations' "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 Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General to the effect that the Bonds are valid and legally binding obligations of the City under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

McCall, Parkhurst & Horton L.L.P., serves as Bond Counsel to the City. Orrick, Herrington & Sutcliffe LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable solely from a first lien on, security interest in, and pledge of 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" and "– Additional Indebtedness" (first paragraph only), "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts," as to which no opinion is expressed), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS – Legal Proceedings" (except for the final paragraph thereof, as to which no opinion is expressed), "LEGAL MATTERS – Legal Opinions" (except for the final paragraph thereof, as to which no opinion is expressed), "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "APPENDIX B – Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation – The City

At the time of delivery and payment for the Bonds, the City will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, 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 Major Improvement Area 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 and the MIA Lot 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, the MIA Lot Developer, or their manager or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement, the Major Improvement Area Construction, Funding, and Acquisition Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

NO RATING

No application for a rating on the Bonds has been made to any rating agency, nor is there any reason to believe that the City would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City, the Administrator, and UMB Bank, N.A. (in such capacity, the “Dissemination Agent”), will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Issuer”) for the benefit of the Holders 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 Holders 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

Except as hereinafter described, during the last five years, the City has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule, with the submission of their Annual

Comprehensive Financial Report (“ACFR”). In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for the last year have consisted of the City’s related ACFR, which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFRs but can be derived from information in the ACFRs.

The Developer

The Developer, the Administrator, and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Holders 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 Major Improvement Area Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 – Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of the Developer or the Administrator to comply with its obligations under the Disclosure Agreement of 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 Holders of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent, and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of Developer. The Developer will not agree to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agree 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 any continuing disclosure agreements.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$_____ (representing the par amount of the Bonds, less an underwriting discount of \$_____). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the insider cover 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.

INFORMATION RELATING TO THE TRUSTEE

The City has appointed UMB Bank, N.A., 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 umb.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.

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Development generally and, in particular, the information included in the maps in this Limited Offering Memorandum and in the sections captioned “PLAN OF FINANCE” (other than the subcaption “– The Bonds”), “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS,” “THE DEVELOPMENT,” and “THE DEVELOPER,” and, to the best of its knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the MIA Lot Developer, the Major Improvements, and the Development), “LEGAL MATTERS – Litigation – The Developer and the MIA Developer,” “CONTINUING DISCLOSURE – The Developer” and “– The Developer’s Compliance with Prior Undertakings,” “APPENDIX E-2,” “APPENDIX F,” and “APPENDIX G” has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the City and the Underwriter.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, 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 Barletta & Associates, Inc., and has been included in reliance upon the authority of such firm as experts in the field of the appraisal of real property. Barletta & Associates, Inc., 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 ninety (90) days after the date the City delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21e of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “anticipate,” “budget” or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND

OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The City Council has approved by resolution the form and content of this Preliminary Limited Offering Memorandum and has authorized this Preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

General Information

The City is the county seat of Caldwell County, located approximately 30 miles south of downtown Austin, Texas, on U.S. Highway 183. It is approximately 70 miles northeast of San Antonio, Texas. The City covers approximately 11.2 square miles. The 2020 census population was 14,379. The City estimates its population as of January 2026 to be 18,591.

Historical Employment in Caldwell County

The following information has been provided for informational purposes only.

	Average Annual				
	2025 ⁽¹⁾	2024	2023	2022	2021
Civilian Labor Force	25,576	24,820	24,012	22,595	21,463
Total Employed	24,633	23,925	23,182	21,829	20,452
Total Unemployed	943	895	830	766	1,011
Unemployment Rate	3.7%	3.6%	3.5%	3.4%	4.7%

⁽¹⁾ Data through November 2025.

Source: Texas Workforce Commission

Major Employers in the City

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

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Lockhart ISD	790	7.73%
Walmart	225	2.20%
MTC (Lockhart Correctional)	175	1.71%
H.E.B. Food Store	170	1.66%
Pegasus School, Inc.	149	1.46%
City of Lockhart	149	1.46%
Ziegenfelder	100	0.98%
Student Transportation Specialist	85	0.83%
Pure Castings Company	75	0.73%
Fashion Glass & Mirror	70	0.69%
Total	1,988	19.46%

Source: Annual Comprehensive Annual Financial Report of the City for the year ended September 30, 2024.

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REGIONAL EMPLOYMENT

Surrounding Economic Activity

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

City of San Marcos, TX (2024)		City of New Braunfels, TX (2024)		City of Kyle, TX (2024)		City of Buda, TX (2021)	
Approximately 18 Miles from the City		Approximately 36 Miles from the City		Approximately 18 Miles from the City		Approximately 25 Miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Amazon	5,000	Comal ISD	3,699	Hays CISD	3,258	Capital Excavation	315
Texas State University	3,730	Schlitterbahn Water Park	2,140	Seton Medical Center Hays	1,171	H-E-B Grocery	249
Premium Outlets San Marcos	1,600	TaksUs	1,397	Amazon	700	Wal-Mart	240
Tanger Factory Outlets	1,540	New Braunfels ISD	1,351	City of Kyle	349	ProBuild	222
San Marcos CISD	1,400	Wall-Mart Distribution Center	1,050	Lowes	100	Fat Quarter Shop	215
Hays County	885	City of New Braunfels	900	Home Depot	100	Cabela's	196
City of San Marcos	758	Comal County	838	Austin Community College Hays	80	Texas Lehigh	180
HEB Distribution Center	750	Christus Santa Rosa Hospital	600	Plastikon	65	US Food Service	159
Central Texas Medical Center	675	Rush Enterprises	600	SIMWON	38	Hays Community YMCA	157
CFAN	460	Resolute Baptist Hospital	513	ENF	25	Capital Spectrum	150

City of Bastrop, TX (2024)	
Approximately 31 Miles from the City	
Employer	Employees
Bastrop ISD	1,073
Bastrop County	800
Wal-Mart	541
Hyatt	443
Bluebonnet Electric Co-op	424
MD Anderson Cancer Center	353
Ascension Seton	298
Home Depot	200
H.E.B. Grocery Co.	136
Marketing Members LLC	130

City of Austin, TX (2024)	
Approximately 30 Miles from the City	
Employer	Employees
State Government	40,460
University of Texas at Austin	32,193
HEB	22,955
City of Austin	16,195
Ascension Seton	14,842
Federal Government	14,700
Dell Computer Corporation	13,000
Tesla, Inc.	12,277
St. David's Healthcare	11,484
Amazon	11,000

Source: Municipal Advisory Council of Texas

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APPENDIX B
FORM OF INDENTURE

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APPENDIX C
FORM OF SERVICE AND ASSESSMENT PLAN

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APPENDIX D
FORM OF OPINION OF BOND COUNSEL

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APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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APPENDIX F
DEVELOPMENT AGREEMENT

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APPENDIX G

FORM OF MAJOR IMPROVEMENT AREA CONSTRUCTION, FUNDING, AND ACQUISITION
AGREEMENT

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APPENDIX H
PHOTOGRAPHS OF THE DISTRICT

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APPENDIX I

APPRAISAL

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action to approve the First Amended and Restated Subdivision Improvement Agreement with RODG DT Seawillow Prop LLC for the Seawillow Ranch Subdivision and authorize the City Manager to execute the agreement.

ORIGINATING DEPARTMENT AND CONTACT: Administration - Joseph Resendez

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: The attached First Amended and Restated Subdivision Improvement Agreement updates the previously approved Subdivision Improvement Agreement for the Seawillow Ranch Subdivision. The amendment is limited in scope and revises Section 5, Security for Completion of Improvements, to allow the required 125% security for Group B public improvements to be provided in the form of either an irrevocable letter of credit or a performance bond issued by a licensed surety company.

This change provides additional flexibility in the form of acceptable financial security while maintaining the same security amount and level of protection for the City. All other terms, conditions, improvement requirements, and timelines in the Subdivision Improvement Agreement remain unchanged from the version previously approved by City Council.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: First Amended and Restated Seawillow SIA

City of Lockhart
First Amended and Restated Subdivision Improvement Agreement

Subdivision Name: Seawillow Ranch Subdivision
Developer Name: RODG DT Seawillow Prop LLC
Developer Address: 2121 E. 6th St., Ste. # 203, Austin, TX, 78702

Planning Dept. Case No.: FP #23-05

Recitals:

A. The Developer owns the land included in the proposed final plat of the Subdivision, and more particularly described on the attached **Exhibit A** (the “Property”).

B. The Developer desires to develop 203 lots on the Property (“Lots”) which are more particularly described on the attached **Exhibit B**, and City ordinances and State laws require the Developer to complete all on-site and off-site public improvements (the “Public Improvements”) associated with the Subdivision which are more particularly described on the attached **Exhibit C**.

C. In association with a Development Agreement entered between Developer and the City on August 2, 2024 and amended on April 15, 2025, the parties have agreed to the following schedule for installation of Public Improvements.

Agreement:

In consideration of the mutual covenants set forth in this Agreement, the City and the Developer agree as follows:

1. Recitals Incorporated. The Recitals are incorporated in this Agreement for all purposes.

2. Parties. The parties to this Agreement are the Developer and the City of Lockhart.

3. Effective Date. This Agreement is effective on the date the Developer signs it (the "Effective Date")

4. Construction of Improvements. The Developer agrees to construct and install, at the Developer's expense, all of the Public Improvements. All Public Improvements must be constructed and installed in compliance with applicable City ordinances, standards, and regulations, and in accordance with the construction plans and specifications approved by the City. Upon construction and installation of the Group A Public Improvements which are more particularly described in the attached **Exhibit C** and acceptance by the City, the final plat for the Lots may be recorded. No later than twelve months following the date upon which the final plat for the Lots is recorded Developer shall construct and install the Group B Public Improvements which are more particularly described in the attached **Exhibit C**.

5. Security for Completion of Improvements. The Developer shall provide and continuously maintain security (the “Security”) for the completion of the Group B Public Improvements. The Security must be in the amount of 125% of the cost estimate for the Group B Public Improvements as reflected in **Exhibit C. Security is defined as: (1)** an irrevocable letter of credit drawn upon a state or national bank that has a regular business office in the State of Texas that authorizes the City to draw upon the letter of credit by presenting to the issuer only a sight draft and a certificate signed by an authorized representative of the City attesting to the City’s right to draw funds under the letter of credit. Developer agrees to provide an irrevocable Letter of Credit in the amount of 125% of the cost estimate for the Group B Public Improvements; **or (2) a performance bond submitted to the City by a surety company holding a license to do business in the State of Texas and providing a date for completion of the required public improvements.**

6. Lien Search Certificate. The Developer agrees to provide, at the time this Agreement is executed, a Lien Search Certificate prepared and signed by a title company acceptable to the City Attorney. The Lien Search Certificate must identify the Property, must name all owners of the Property, must name all lienholders having liens against the Property, and must be dated no more than 10 days

prior to the Effective Date. The Lien Search Certificate must be accompanied by a Consent of Lienholder signed by an authorized representative of each lienholder identified in the Lien Search Certificate. This Agreement will not be accepted without the Lien Search Certificate and the executed Consent of Lienholder, if applicable.

7. Acquisition of Property Interests. The Developer agrees to acquire at its expense all rights-of-way, easements and other real property interests needed for the construction of the Public Improvements, including all off-site improvements, in a manner suitable for dedication of the real property interests to the City. The form of all documents under which real property interests are acquired is subject to approval by the City Attorney. The Developer agrees to record each such document in the official public records of the county in which the Property is located, and to provide a copy of each such recorded document to the City Attorney.

8. Recording of Plat. Upon completion of all of the following, the City agrees to record the final plat of the Subdivision in the official public records of the county in which the Property is located:

- A. Approval of this Agreement by the City of Lockhart.
- B. Approval of the final plat of the Subdivision by the City of Lockhart.
- C. Construction and installation of the Group A Public Improvements and acceptance by the City.
- D. Submission to City of Lien Search Certificate, and executed Consent of Lienholder for each lienholder on the Property.
- E. Approval of the Security by the City Attorney.
- F. Approval by the City Attorney of all conveyance documents for rights-of-way, easements and other real property interests needed for the construction of the Public Improvements.

9. Conditions of Draw on Security. The City Engineer may draw upon any Security upon the occurrence of one or more of the following events:

- A. The Developer commenced construction but did not properly construct or complete one or more of the Public Improvements in accordance with Section 4 above;
- B. The Developer did not renew or replace the Security at least 45 days prior to its expiration date; or
- C. The issuer of the Security, or any third party, has acquired all or any portion of the Property through foreclosure or an assignment or conveyance in lieu of foreclosure.

10 Drawing on the Security; Use of Draws. The City Engineer may draw upon the Security by submitting a draft to the issuer that complies with the terms governing the draft. The draw may be in any amount up to the full amount of the Security. The City agrees to restrict its use of funds from draws to purposes associated with the construction, maintenance or repair of the Public Improvements. The parties agree that by making a draw, the City does not waive its rights to enforce any obligation of the Developer under this Agreement, and the City is not accepting the Public Improvements for ownership and maintenance prior to final completion.

11. Right of Entry. The Developer grants to the City and its successors, assigns, agents, contractors, and employees, a nonexclusive right and easement to enter the Property to inspect the construction of the Public Improvements, and to construct, inspect, maintain, and repair any public improvements made on the Property by the City.

12. No Certificate of Occupancy until completion of Public Improvements. Developer agrees that no Certificate of Occupancy will be issued for any building built on the Lots until all Public Improvements have been constructed and installed by Developer and accepted by the City. It will provide notice of this Agreement to any builder or purchaser of the Lots.

13. Maintenance Bond. Developer or Developer's general contractor shall provide a Maintenance Bond in the amount of Ten Percent (10%) of the contract price for all work on the Public Improvements. The Maintenance Bond shall be in favor of both Developer and the City, shall be for a period of two (2) years from the date of acceptance by the City for the Public Improvements, and shall be executed by an approved surety company authorized to do business in the State of Texas. Developer shall guarantee the materials and workmanship of his construction contractors, with whom he contracts

for furnishing materials and installing the improvements, required under this chapter and shall himself be responsible for guaranteeing that all materials and workmanship in connection with such improvements are free of defects for a period of two years after the date of acceptance of the improvements.

14. Remedies. The remedies available to the City in the event of noncompliance by the Developer with this Agreement are cumulative in nature. These remedies include, but are not limited to, the following:

- A. Refusal to approve or record any plat associated with the Subdivision.
- B. Refusal to provide or allow utility services to all or any part of the Property.
- C. Refusal to accept all or a portion of the Public Improvements for public ownership or maintenance.
- D. Draws against the Security for construction of the Public Improvements.
- E. Injunction against further sale of tracts of land within the Subdivision.

The Developer shall have 90 days after the City's delivery of written notice of noncompliance to reasonably cure / remedy all alleged issues of noncompliance. Upon notice of noncompliance by the City, the Developer agrees that it will not file any additional plat applications with the City until the noncompliance is cured.

15. No Third Party Rights. No person or entity who or which is not a party to this Agreement has any right of action under this Agreement. Nor does any such person or entity, other than the City (including without limitation a trustee in bankruptcy) have any interest in or claim to any funds drawn by the City on the Security in accordance with this Agreement.

16. Indemnification. The Developer covenants to indemnify, save, and hold harmless the City and its their respective officers, employees, and agents from, and against, all claims, demands, actions, damages, losses, costs, liabilities, expenses and judgments recovered from or asserted on account of injury or damage to persons or property loss or damage arising in connection with construction performed by or on behalf of the Developer on the Property.

17. Miscellaneous. A. The City may assign, in whole or in part, this Agreement to others as necessary to secure completion of the Public Improvements.

B. This Agreement, including appendices and referenced attachments, constitutes the entire agreement between the City and the Developer on this subject and supersedes all other proposals, presentations, representations, and communications, whether oral or written, between the parties. This Agreement may be amended only by a written document that is duly approved and executed by all parties.

C. In the event any section, subsection, paragraph, sentence, phrase or word is held invalid for any reason, the balance of this Agreement will remain in effect and will be read as if the parties intended at all times not to include the invalid section, subsection, paragraph, sentence, phrase or word.

D. This agreement shall be governed by the laws of the State of Texas. Exclusive venue for any legal dispute arising under this agreement shall be in Caldwell County, Texas. The City's execution of and performance under this Agreement will not act as a waiver of any immunity of the City to suit or liability under applicable law. The parties acknowledge that the City, in executing and performing this Agreement, is a governmental entity acting in a governmental capacity.

E. Notices required by this Agreement will be provided by the parties to one another by certified mail, return receipt requested, or by confirmed facsimile transmission, to the following addresses:

To the City:

City Manager
City of Lockhart
308 W. San Antonio
P.O. Box 239
Lockhart, TX 78664

To the Developer:

RODG DT Seawillow Prop LLC
2121 E. 6th St., Ste. #203
Austin, TX 78702

If a party changes its address or facsimile number for notice purposes, it will provide written notice of the new address to the other party within 10 days of the change.

G. The Developer shall file this Agreement in the deed records of Caldwell County and provide notice of this Agreement to any builder or purchaser of the Lots. This Agreement constitutes a covenant running with the title to the Property, and the provisions of this Agreement are binding on the Developer and on all successors and assigns of the Developer.

Executed by the parties to be Effective on _____

[signatures on following page]

City of Lockhart, Texas

By: _____
Joseph Resendez, City Manager

This instrument was acknowledged before me on _____, 202__ by Joseph Resendez, known personally by me to be the City Manager of the City of Lockhart, on behalf of the City of San Marcos.

Notary seal: _____
Notary Public, State of Texas

Developer:

By: _____
Signature

Printed name, title

This instrument was acknowledged before me on _____ by _____, known personally by me to be the _____ of _____.

Notary Seal: _____
Notary Public, State of _____

Consent of Lienholder to Subdivision Improvement Agreement
--

Subdivision Name: _____
Developer Name: _____
Developer Address: _____

Lienholder Name: _____
Lienholder Address: _____

Recitals:

A. The Developer is the owner of the property described in the attached and incorporated **Exhibit A** ("Property").

B. The Lienholder is the lienholder of the Property under the terms and conditions of the following document(s):

Deed of Trust dated _____, from the Developer to _____, Trustee, securing the payment of a promissory note payable to the Lienholder. The Deed of Trust is recorded in Volume _____, page _____ of the Official Public Records of _____ County, Texas.

C. The Developer has requested that the City of Lockhart (the "City") approve and execute a Subdivision Improvement Agreement with the Developer governing installation of all on-site and off-site public improvements (the "Public Improvements") associated with the Subdivision.

Agreement:

In consideration of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Lienholder agrees as follows:

1. The Lienholder consents to the execution of the Subdivision Improvement Agreement and the rights and obligations of the Developer set out therein.
2. The Lienholder subordinates its lien rights on this Property to the rights and interests of the City under the Subdivision Improvement Agreement, and the Lienholder agrees that any foreclosure by the Lienholder of its liens will not extinguish City's rights and interests in the Subdivision Improvement Agreement.

The undersigned has the authority to bind the Lienholder, and that all corporate acts necessary to bind the Lienholder have been taken.

Executed on _____

Lienholder:

By: _____

Printed name, title

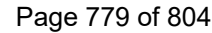
This instrument was acknowledged before me on _____ by
_____, known personally by me to be the _____ of
_____.

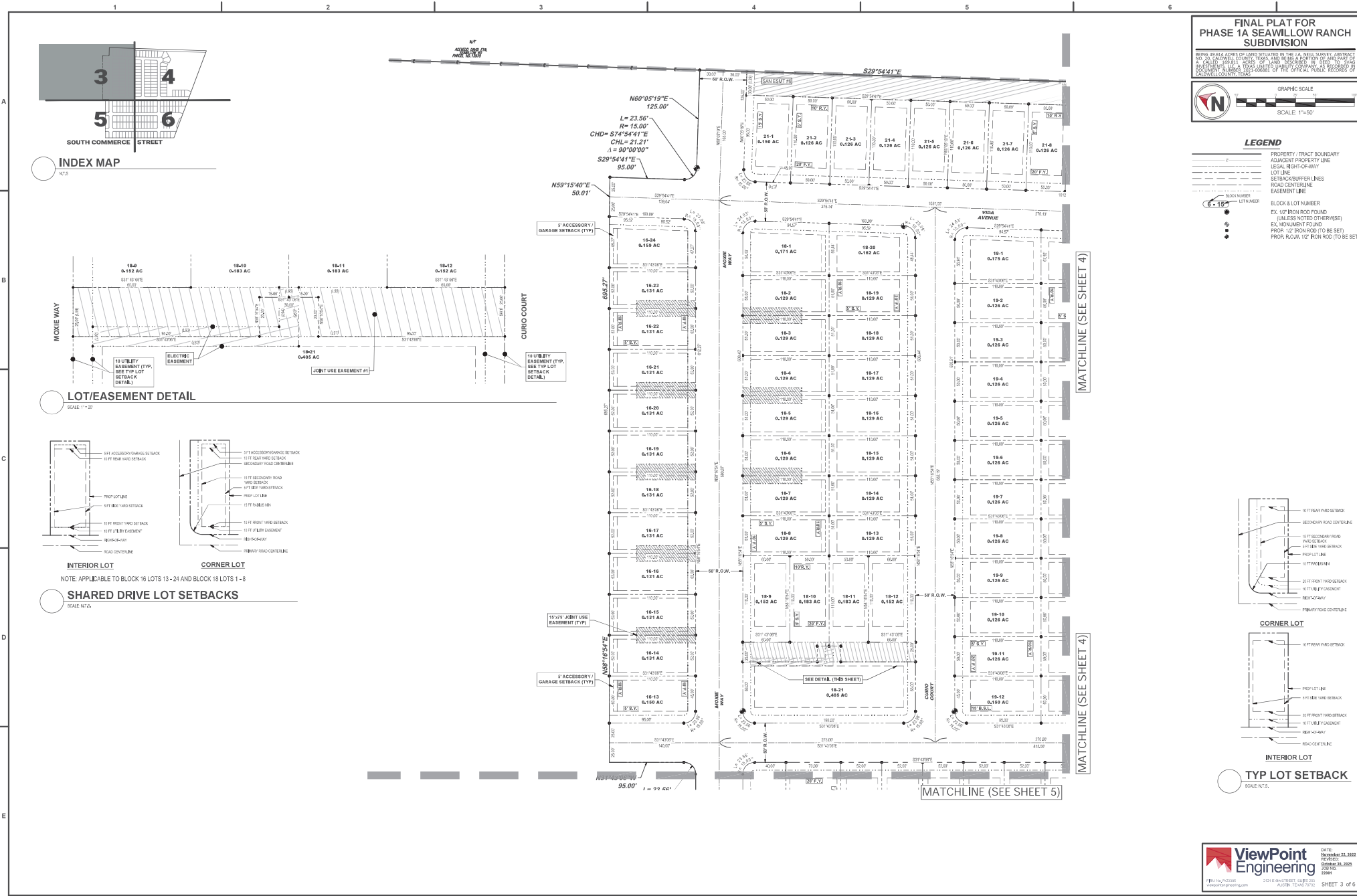
Notary Seal:

Notary Public, State of _____

**EXHIBIT A:
METES AND BOUNDS DESCRIPTION OF PROPERTY**

**EXHIBIT B:
MAP OF LOTS OF PROPERTY**

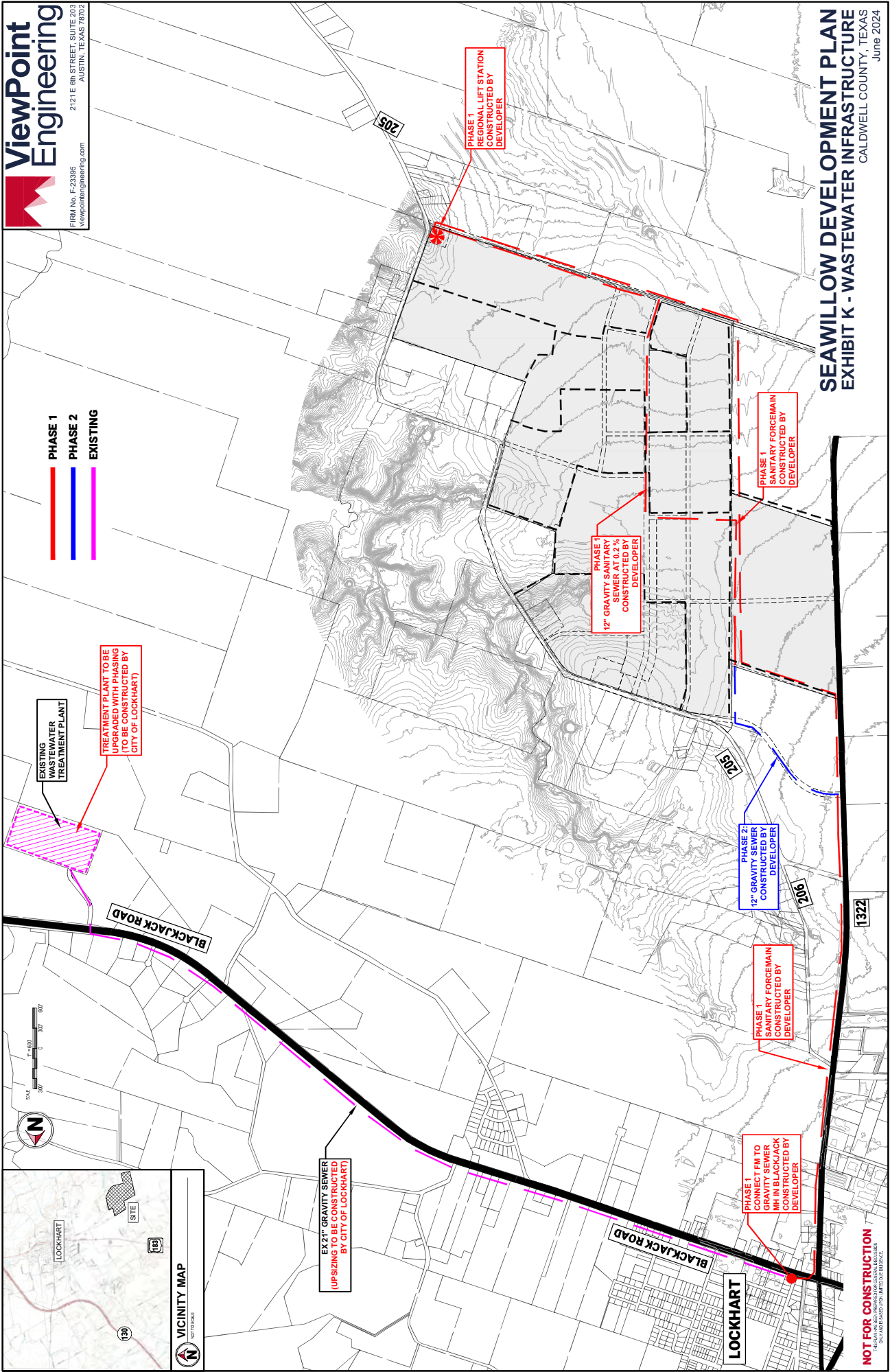






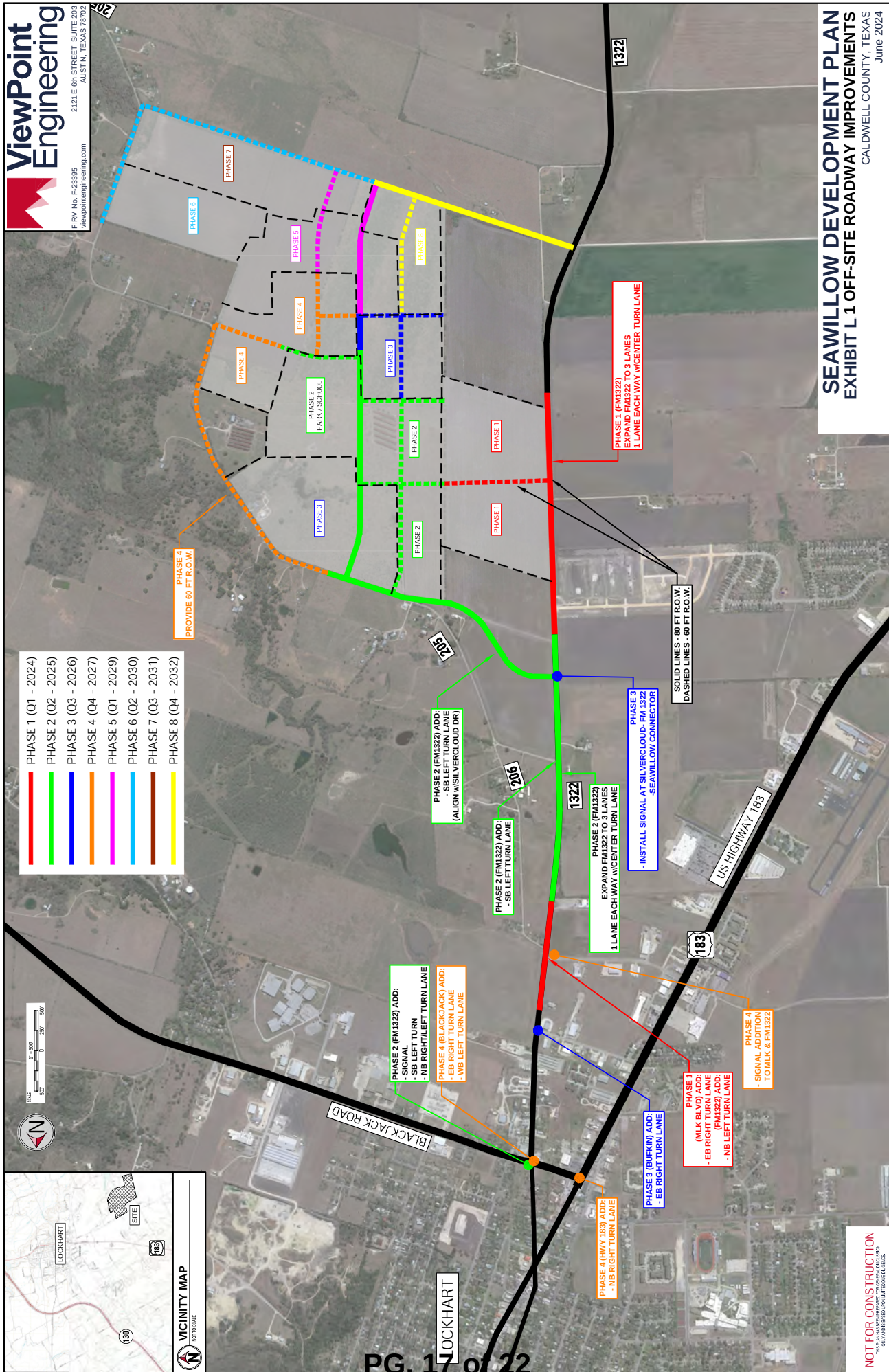
**EXHIBIT C:
PUBLIC IMPROVEMENTS**

Category of Public Improvement	Description	Probable Cost
Group A	Road construction and paving	\$1,346,086.00
Group B	Lift Station and Force Main	\$5,392,109.00
	Detention Pond	\$590,585.00
	Park and Parking Lot	\$200,000.00
	FM 1322 Sidewalk	\$200,000.00
	Expand FM 1322 to 3 lanes in front of the Subdivision frontage, to include 1 lane each way with a center turning lane	\$593,098.00
	Improvements to FM 1322 at MLK Blvd.: add eastbound right turn lane and northbound add left turn lane	\$1,216,136.00



CALDWELL COUNTY, TEXAS
June 2024

TY, TEXAS
June 2024



THIS POINT HAS BEEN PREPARED FOR GENERAL INFORMATION ONLY AND IS BASED UPON LIMITED DUE DILIGENCE.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action regarding nomination of Levi Garrett to the Zoning Board of Adjustment and Appeals by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Burge has nominated Levi Garrett to be appointed to the Zoning Board of Adjustments and Appeals.

After reviewing the application, Mr. Garrett meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

The announcement of nomination occurred during the February 3, 2026 Council meeting.

Action of appointment, should Council move to appoint Mr. Garrett to the board, will occur during the February 17, 2026 Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: Announcement of nomination made during the February 3, 2026 Council meeting.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Levi Garrett - Board application , BOA Roster

APPLICANT'S NAME: Levi Garrett

BOARD NAME(S): Zoning Board of Adjustment & Appeals

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.

Date of residency in Lockhart: 2016

- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.

Date qualified voter in Lockhart: 10/2018

- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.

Removed from another board? YES or NO

If yes, date _____ and board _____

- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.

Serves on another board? YES or NO

If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:

Board of Adjustment

Y or N City Resident? If no, applicant does not qualify.

Zoning Board of Adjustment meets the first Monday at 6:30 p.m. each month if there are items pending the Board's review. The Board hears and decides appeals where the applicant alleges that there is an error in any order, requirement, decision, or determination made by the city staff, the commission, or the city council in the enforcement of the zoning chapter, to hear and decide variances and special exceptions as provided by any provision of the zoning chapter, and to act as the appeal board as specified in Section 22-68, flood hazard areas, of the Lockhart Code of Ordinances. All members must reside within the city limits. The Board consists of seven members that serve a three-year term. The Planning Director is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

Ymk

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

Date Received: _____

1. PERSONAL INFORMATION

Full Legal Name Levi Manning Garrett		Preferred Name Levi Garrett	
Physical Home Address 400 W Prairie Lea St			
Mailing Address (if different)			
City Lockhart	State TX	Zip 78644	
Home Phone		Work Phone	
Mobile Phone			
Email Address			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Historical Preservation Commission
☒	Zoning Board of Adjustment & Appeals	☐	Hotel Occupancy Tax Advisory Board
☐	Charter Review Commission	☐	Library Advisory Board
☒	Construction Board of Appeals	☒	Parks & Recreation Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☒	Planning & Zoning Commission
☐	Electric Board		

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

In no particular order:

Parks & Rec - I have a general interest in this. I am active, spend a lot of time outside, regularly pick up trash in city park with my dogs, have volunteered with Keep Lockhart Beautiful, and I know there will be a lot of focus on this area in the near future with the new aquatic center and rec center developments.

P&Z, Zoning Adjustments, Construction - I have both personal and professional experience with construction (residential & commercial). I PM'd the expansion of Kitchen Pride Mushroom Farms (Gonzales, 2019-2020) and completely renovated the home we currently live in (2019). I also worked with Arco (GC) and AgriTech on greenhouse and facility construction & change-orders for Iron Ox / Inevitable Tech (Lockhart, 2022-2023).

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.



Applicant's Signature

12/1/2025

Date

Completed application, resume and letter of interest may be submitted in person, email, mail, or by fax to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
FAX: 512.398.5103
cconstancio@lockhart-tx.org

Levi Garrett

400 W Prairie Lea St
Lockhart, TX 78644



Hey, there!

I am a 35-year-old, husband, godfather, brother, and “dog father” to two German Shepherd pups. My wife, Allison, and I have been married since 2017 and have made Lockhart, TX our home for over 9 years—needless to say, we have genuinely loved every minute of it!

From 2014-2022, I worked in the commercial mushroom industry at [Kitchen Pride Mushroom Farms](#) in Gonzales, TX — primarily in food safety, facility, and quality-related management positions. From 2022-2023, I was the Greenhouse Development Program Manager for Iron Ox, which transitioned to my role as the Integration PM at [Inevitable Tech](#) in Lockhart, TX. I also own and operate a residential property management business, consult for ag and general business ventures, and most recently was honored to accept the position of Transportation Manager for the Texas Hospitality Collective, also based in Lockhart, TX.

When I’m not working, I enjoy walking the pups with my wife, hanging out with family and friends, and experiencing as much live music and amazing food as this great area has to offer. I love to travel and I’m extremely grateful that my hard-working wife and I have made it a point to pursue new adventures as often as possible. I strive for an appropriate work-life balance, knowing that my efforts in both professional endeavours and serving my family, friends, and community generate priceless returns.

If I have learned anything throughout my professional career, it’s that people truly make all the difference. Whether it’s new age, fully automated, AI-governed operations or the labor-intensive practices of a commercial mushroom farm, there are people at the foundation of everything we do and they need to be supported, challenged, and respected.

Frederick Douglas once penned, “I prefer to be true to myself, even at the hazard of incurring the ridicule of others, rather than to be false, and to incur my own abhorrence.” When I read this for the first time, it truly resonated with me. I strive to wake up each morning with a mindset of remaining true to myself—this means, (1) making the most of every opportunity, because the days are short and there are no guarantees; (2) following my heart in decision-making with genuine love and respect for others at the core of every choice I am given; and (3) always making sure that whatever I find myself doing, it is bringing me happiness and beneficial knowledge that I can pass on to others along the way.

Thank you very much for your consideration.

Sincerely,

Levi Garrett

Levi Garrett

Securing efficiency through empowerment.

| Lockhart, TX



EXPERIENCE

Texas Hospitality Collective | Lockhart, TX

Transportation Manager | Jul 2025 – Present

Responsible for all logistics programming, inventory management and sourcing of goods for local hospitality outreach and disaster relief in partnership with [Mill Scale Metalworks](#), [Best Little Wine & Books](#), [Local Foods Group](#), [Waterin'](#) and many other distinguished partners.

Iron Ox / [Inevitable Tech](#) | Lockhart, TX

Integration Project Manager | Jan 2023 – Nov 2023

Responsible for leading and coordinating rigorous experimentation, feedback, project plans, deployment, and operationalization for the company's Propagation Tech development.

Work as an internal, independent advisor to secure executive, domain-level & external alignment, optimal operational hygiene across all departments, continuous improvement and innovative product development.

Some notable accomplishments:

- Led comprehensive re-brand with release via Global CEA 4.0
- Secured customer base for veggie seedling venture
 - [inevitablyhomegrown.com](#)
- Led internal team in product development for dynamic operational mapping, task management, & inventory management application with pilot program adoption by River Field Farms (Chef Bryce Gilmore, Barley Swine / Odd Duck / Sour Duck Market)

Greenhouse Development Program Manager | Jun 2022 – Jan 2023

The "Ops" element of the Program Management Office, responsible for on-site management of the greenhouse and support facility. Influence, facilitate the design, construction, integration & deployment of foundational robotics and general systems infrastructure.

Bolster In-/External stakeholder alignment. Develop, report on strategies to increase throughput & minimize footprint. Define, measure KPI's and champion cross-functional solutions. Built a network of innovative partners to revolutionize Controlled Environment Agriculture.

CERTIFICATIONS

Advanced HACCP

AHA CPR/AED

EPA Worker Protection Standard

FDA Sanitary Transport of Human & Animal Food

Food Defense Coordinator

FSPCA Preventive Controls for Human Food (PCQI)

PSA Grower Food Safety

SkillPath Leadership Development & Teambuilding

United Fresh Recall Ready

INDUSTRY KNOWLEDGE

Ag Commodities Procurement

Branding & Product Development

Corrective Action, Verification & Validation

Environmental Monitoring Programs

Food Defense

Food Safety Management Systems

Hazard Communication Programs

Operational Flow & Vertical Integration

People & Culture, HR

EXPERIENCE, cont'd

Kitchen Pride Mushroom Farms | Gonzales, TX

QA & Facility Manager | Sept 2021 – May 2022

Promote a proactive culture of plant-wide Continuous Improvement.
Manage administrative responsibilities related to Information Technology & Security. Manage procurement of business-critical raw materials.

QA Manager | Jan 2016 – Sept 2021

Lead in execution of the company's Food Safety Management System (FSMS). Manage all levels of regulatory compliance, company P&P's, and various departments' budgets. Facilitate facility expansion efforts.

Quality Assurance Technician | Feb 2014 – Dec 2015

Execute the company's Food Safety Management System (FSMS).

EDUCATION

Texas A&M University | College Station, TX

2009-2012 | Psychology, Business

IND. KNOWLEDGE, cont'd

Real Estate & Construction

Risk Analysis & Critical Limits

two12°

USDA FoodData Central

TOOLS & TECH

Adobe, Google & Office
Applications

Critical Equipment &
Operational Dashboard
Development

Figma

Google Analytics

monday.com

Remote Server Management

Ubiquiti UniFi

BOARD OF ADJUSTMENT

Section 64-95, Zoning Ordinance

Seven (7) Members

First Name	Last Name		Address1	Council Member	Date Appt
Mike	Annas		914 S. Guadalupe	Mayor White	1/19/2021
Laura	Cline		1313 Walter Ellison	Angie Sanchez	1/7/2020
Shawn	Martinez		523 Cibilo	David Bryant John Castillo	3/16/2021
Arnold	Proctor		515 S. Main St.	Brad Westmoreland	3/5/2024
Lori	Rangel		801 W. San Antonio, Apt. A.	Juan Mendoza	3/7/2017
Wayne	Reeder		910-F S. Guadalupe	Jeffry Michelson	12/15/2020
Lucy	Knight	Alternate	1532 Parkview Dr.	Jeffry Michelson	11/15/2022
Patrick	Stroka		1204 Sierra Vista Cv.	John Lairsen	2/20/2024
VACANT	Alternate position	Alternate			

City Planner - staff liaison

Updated: April 10, 2024

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action regarding nomination of Rebekah Troche to the Library Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Burge has nominated Rebekah Troche to be appointed to the Library Advisory Board.

After reviewing the application, Ms. Troche meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

The announcement of nomination occurred during the February 3, 2026 Council meeting.

Action of appointment, should Council move to appoint Ms. Troche to the board, will occur during the February 17, 2026 Council meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: Announcement of nomination made during the February 3, 2026 Council meeting.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Rebekah Troche - board application , Library Board roster

APPLICANT'S NAME: Rebekah TrocheBOARD NAME(S): Library Advisory Board

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.

Date of residency in Lockhart: X CALDWELL COUNTY RESIDENT

- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.

Date qualified voter in Lockhart: 12/2024

- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.

Removed from another board? YES or NO

If yes, date _____ and board _____

- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.

Serves on another board? YES or NO

If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:Library BoardY or
YN
N

City Resident?

If no, Caldwell County resident? (Up to two county residents may serve)

Current # members that are county residents? REPLACING JODI KING (ACOUNTY RESIDENT)

Library Advisory Board does not have a set meeting date or time. The Board only meets when there are items pending their review. The Board duties are to encourage development of the public library, recommend to the city council policies and programs for the advancement of the library, cooperate with all other public and private groups in advancing the best interests of the public library, and to render to the city council all recommendations it considers advisable regarding the library. Up to two members who are not city residents but are residents of Caldwell County may serve on the Board. The Board consists of seven members that serve a three-year term. The Director of Library Services is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified?

YES

NO

DISCRETION OF THE COUNCIL

NOTES: _____

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

1. PERSONAL INFORMATION

Full Legal Name Rebekah Joy Troche		Preferred Name Bekah	
Physical Home Address 1429 Lovers Ln			
Mailing Address (if different)			
City Lockhart	State Texas	Zip 78644	
Home Phon		Work Phone	
Mobile Phon			
Email Addre			
Date of Birth			

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☒	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☐	Parks & Recreation Advisory Board
☐	Electric Board	☐	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

My family and I love the Dr. Eugene Clark Library, and are regular patrons, checking out books each week, attending events, and even creating meetups with homeschool co-ops by reserving community rooms. My family enjoys this space the most in our town! I've volunteered at many library events, playing kids music at storytime, and helping out where I can. I would love to be a part of making sure the library continues to serve Lockhart as a space of community engagement, education, and connection. Thanks for considering me!

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

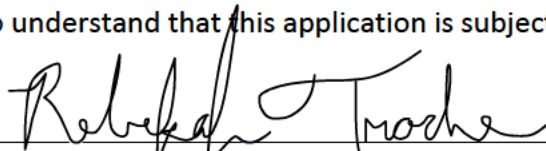
YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
☐	☒	Have you been removed from another city board or commission because of failure to attend meetings or for cause within the last three years?
☐	☒	Do you serve on any other City of Lockhart board/commission/committee at this time? If yes, please list: _____

For your reference, the following additional qualifications apply to appointed Board/Commission members:

- A member who is required to be a resident of the city (or county when applicable) when appointed and who thereafter moves his or her primary residence outside of the corporate limits of Lockhart (or county when applicable) vacates his or her position on a board of commission on the date the residency changes.
- The City Council shall have the right, but not the duty, to appoint up to two members who are not city residents but who are residents of Caldwell County to the Lockhart Airport Advisory Board, the Eugene Clark Library Board, and the Construction Board of Appeals.
- Any member of a board or commission who is absent from three consecutive regular meetings, or any four non-consecutive regular meetings of the board or commission during any twelve-month period, shall forfeit his or her position and the vacancy occurring shall be declared and filled by the Council.
- Members must maintain their qualifications while serving on a board or commission.
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
- No appointed body shall deviate from its charge, deliberate items not on its agendas, or speak for the council or City of Lockhart without council authorization.
- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.


Applicant's Signature

01-14-2026

Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
jbowermon@lockhart-tx.org

LIBRARY BOARD

Chapter 32 - Code of Ordinances

Three (3) year terms

First Name	Last Name		Council Member	Date Appt
Shirley	Williams		Juan Mendoza	12/17/2019
Jean	Clark-Fox		John Lairsen	2/20/2024
Stephanie	Riggin	County Resident	Mayor White	1/19/2021
Rebecca	Lockhart		Brad Westmoreland	2/4/2020
Quartermetra	Hughes		David Bryant	10/20/2020
Jody	King	County Resident	Angie Sanchez	1/7/2020
Donaly	Brice		Jeffry Michelson	12/15/2020

*Elsie Glosserman (Member Emerita as of 10/28/86)
1125 Magnolia

Liaison: Librarian

Updated: Feb 20, 2024

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: February 17, 2026

AGENDA ITEM CAPTION: Discussion and/or action regarding nomination of Paul Rockwood to the Parks & Recreation Advisory Board by Councilmember Taylor Burge for a term to expire in November 2028.

ORIGINATING DEPARTMENT AND CONTACT: Council - Taylor Burge

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: Councilmember Burge has nominated Paul Rockwood to be appointed to the Parks & Recreation Advisory Board.

After reviewing the application, Mr. Rockwood meets the qualifications to serve on a city board.

Resolution 2024-02 was adopted in 2024 establishing administrative procedures for the nomination of board and commission members to include a 2-step process. First, the nomination is to be placed on the agenda as "announcement of nomination" followed by a notice on a subsequent agenda as "discussion and/or action on the nomination."

The announcement of nomination occurred during the February 3, 2026 Council meeting.

Action to appointment, should Council move to appoint Mr. Rockwood to the board, will occur during the February 17, 2026 meeting.

PROJECT SCHEDULE (if applicable): N/A

FISCAL NOTE (if applicable): N/A

PREVIOUS COUNCIL ACTION: Announcement of nomination occurred during the February 3, 2026 Council meeting.

COMMITTEE/BOARD/COMMISSION ACTION: N/A

STAFF RECOMMENDATION/REQUESTED MOTION: None. Discretion of the Council.

LIST OF SUPPORTING DOCUMENTS: Paul Rockwood - board application, Parks and Rec Board roster

APPLICANT'S NAME: Paul Rockwood

BOARD NAME(S): Parks & Recreation Advisory Board

The qualifications for members of boards and commissions, except special qualifications for service on a particular board or commission, are as follows:

- Appointees must each be a resident of the State of Texas and a resident of the City of Lockhart for at least twelve (12) consecutive months preceding their appointment unless a particular board's or commission's composition or state law allows for membership by a non-resident of the City.
Date of residency in Lockhart: APRIL 2022
- Appointees shall be qualified voters in the City of Lockhart or, if not a resident of the City, of Caldwell County.
Date qualified voter in Lockhart: SEPT / 2022
- Appointees shall not have been removed from another city board or commission because of failure to attend meetings or for cause within the last three years.
Removed from another board? YES or NO
If yes, date _____ and board _____
- No member of any appointed body shall serve on more than one quasi-judicial or advisory board or commission.
Serves on another board? YES or NO
If yes, board currently serving: _____

BOARD SPECIFIC QUALIFICATIONS:

PARKS

Y or N City Resident? If no, applicant does not qualify.

Parks and Recreation Advisory Board meets on the fourth Thursday at 5:30 p.m. each month if there are items pending the Board's review. The Board's duties are to recommend to the city council policies and programs for the advancement and betterment of city parks and recreation; to render to the city manager recommendations concerning the annual budget of the parks and recreation department for presentation to the city council; to make recommendations to the city council regarding proposed parks facilities and recreation programs, encourage public interest in parks facilities and recreation programs and solicit the cooperation of public and private agencies in the advancement of city parks and recreation; to make recommendations through the city manager to the city council regarding special requests for use of public parks or facilities; and to make recommendations through the city manager to the city council regarding the use of donations, legacies or requests made to the city for the furtherance of city park facilities. All members must reside within the city limits. The Board consists of seven members that serve a three-year term. The Parks Manager is the staff liaison.

CITY SECRETARY'S DETERMINATION OF APPLICANT'S QUALIFICATION:

Is Applicant Qualified? YES NO DISCRETION OF THE COUNCIL

NOTES: _____

CITY OF LOCKHART
ADVISORY BOARD/COMMISSION QUESTIONNAIRE/APPLICATION

In order to be considered for an appointment to a Lockhart Board or Commission, please complete the following application. You may also attach a current resume and letter of interest if you choose.

1. PERSONAL INFORMATION

Full Legal Name Paul Rockwood Jr		Preferred Name Paul
Physical Home Address 603 S. Blanco St		
Mailing Address (if different)		
City Lockhart	State Tx	Zip 78644
Home Phone		Work Phone
Mobile Phone		
Email Address		
Date of Birth		

2. AREAS OF INTEREST

Please indicate the position(s) of interest to you.

☐	Airport Advisory Board	☐	Animal Shelter Advisory Board
☐	Zoning Board of Adjustment & Appeals	☐	Historical Preservation Commission
☐	Charter Review Commission	☐	Hotel Occupancy Tax Advisory Board
☐	Construction Board of Appeals	☐	Library Advisory Board
☐	Economic Development Corp (1/2 Cent Sales Tax)	☒	Parks & Recreation Advisory Board
☐	Electric Board	☐	Planning & Zoning Commission

In the space below, please explain your interest in the position(s) selected above. Also, please explain any experience you have related to your selection(s).

As a previous employee of the parks department, I'm passionate about enhancing community spaces and believe that well-maintained parks and recreational programs strengthen quality of life, promote health, and foster connections among residents. Serving on the board would allow me to contribute to these goals and help shape the future of our community.

3. BOARD MEMBER QUALIFICATIONS

The following are qualifications as outlined in Section 2-209 of the Lockhart Code of Ordinances to serve on a Board/Commission:

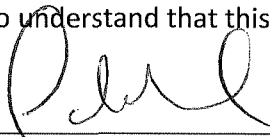
YES	NO	Please answer the following questions about Board/Commission qualifications:
☒	☐	Have you been a resident of the State of Texas/City of Lockhart for at least twelve (12) consecutive months preceding appointment?
☒	☐	Are you a registered voter?
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For your reference, the following additional qualifications apply to appointed Board/Commission members:

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- Members appointed serve without compensation.

Certification of Applicant

I hereby certify that the foregoing and any attached statements are true, accurate and complete. I also understand that this application is subject to disclosure under the Texas Public Information Act.



Applicant's Signature

1. 13. 2026

Date

Completed application, resume and letter of interest may be submitted in person, email, or by mail to:

City of Lockhart
City Secretary's Office
308 W. San Antonio Street / PO Box 239
Lockhart, TX 78644

Phone: 512.398.3461
jbowermon@lockhart-tx.org

PARKS AND RECREATION BOARD

Ord. 86-50, Adopted 11-25-86

First Name	Last Name	Address1	Address2	Council Member	Date Appt
Rob	Ortiz	1004 N.Commerce		John Castillo	8/20/2024
Dennis	Placke	1011 W.Live Oak St.		Brad Westmoreland	2/4/2020
Karla	Tate	500 Caribbean Dr.		Mayor White	2/2/2021
Lee	Parra	209 Windridge Dr. N.		Angie Sanchez	8/17/2021
Curtis	Hawkins	105A Mocking Bird Lane		Juan Mendoza	6/3/2025
Warren	Burnett	1205 Rio Vista Cove		John Lairsen	2/20/2024
Russell	Wheeler	607 La Feliciana Dr.		Jeffry Michelson	12/15/2020
				Non-Voting member	
				Non-Voting member	
				Non-Voting member	

Staff Liaison: Parks and Recreation Director
Joseph Resendez, City Manager

NOTE:

Sec. 40-133. Members.

(a) The board shall consist of seven members appointed in accordance with section 2-210 to serve three years terms, such terms to coincide with the council position making the appointment and two alternates shall also be appointed by the mayor and mayor pro tem, one each. The two alternates shall also serve the term coinciding with the council position making the appointments. Vacancies shall be filled for an unexpired term in the manner in which the original appointments are required to be made. (Ordinance 06-08, adopted February 7, 2006)

Updated: June 3, 2025