



Dr. Larry Wallace Jr., Mayor
Dr. Christopher Harvey, Mayor Pro Tem, Place 3
Emily Hill, Place 1
Anne Weir, Place 2
Sonia Wallace, Place 4
Deja Hill, Place 5
Gene Kruppa, Place 6

City Council Regular Meeting

Wednesday, May 05, 2021 at 7:00 PM

Manor City Hall, Council Chambers, 105 E. Eggleston St.

AGENDA

Via Telephone/Video Conference (Zoom Meeting)

This meeting will be live streamed on Manor Facebook Live

You can access the meeting at <https://www.facebook.com/cityofmanor/>

Pursuant to Governor Greg Abbott's temporary suspension of various provisions of the Texas Open Meetings Act to allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in person meetings that assemble large groups of people the City Council meeting scheduled for Wednesday, May 5th, will only be open to the public via remote access.

Instructions for Public Speaking:

- *Members of the public that wish to speak during public comments, public hearing or an agenda item will need to register in advance by visiting www.cityofmanor.org where a registration link will be posted on the calendar entry for each public meeting. You will register by filling in the speaker card available for that specific meeting and submitting it to publiccomments@cityofmanor.org. Once registered, instructions will be emailed to you on how to join the videoconference by calling in. Your Speaker Card must be received two (2) hours prior to scheduled meeting.*

Upon receiving instructions to join zoom meeting the following rules will apply:

- *All speakers must address their comments to the Mayor rather than to individual Council Members or city staff. Speakers should speak clearly into their device and state their name and address prior to beginning their remarks. Speakers will be allowed three (3) minutes for testimony. Speakers making personal, impertinent, profane or slanderous remarks may be removed from the meeting.*

CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

PLEDGE OF ALLEGIANCE

EVENTS/ANNOUNCEMENTS

- A. Juneteenth Event, Saturday, June 19th**

PROCLAMATIONS

- A. In Memory of Hunter Hartman**
- B. Declaring the month of May 2021, as “*National Preservation Month*”**
- C. Declaring the month of May 2021, as “*Asian/Pacific American Heritage Month*”**
- D. Declaring the week of May 2 – May 8, 2021, as “*Municipal Clerks Week*”**
- E. Declaring the week of May 9- May 15, 2021, as “*Police Week*”**

PUBLIC COMMENTS

*Comments will be taken from the audience participating in zoom meeting on non-agenda related topics for a length of time, not to exceed three (3) minutes per person. Comments on specific agenda items must be made when the item comes before the Council. To address the City Council, please register and submit the speaker card following the instructions for public speaking above. **No Action May be Taken by the City Council During Public Comments.***

PUBLIC HEARINGS

- 1. Public Hearing: Discussion on the approval of a Service and Assessment Plan for the Manor Heights Public Improvement District.**
Submitted by: Thomas Bolt, City Manager
- 2. Public Hearing: Discussion on proposed assessments to be levied against assessable property with the Major Improvement Area, Improvement Area #1 and Improvement Area #2 of the Manor Heights Public Improvement District, pursuant to the provisions of Chapter 372 of the Texas Local Government Code.**
Submitted by: Thomas Bolt, City Manager
- 3. Public Hearing: Discussion on the issuance of Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).**
Submitted by: Thomas Bolt, City Manager
- 4. Public Hearing: Discussion on the issuance of Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project).**
Submitted by: Thomas Bolt, City Manager

CONSENT AGENDA

All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless requested by the Mayor or a Council Member; in which event, the item will be removed from the consent agenda and considered separately.

5. Consideration, discussion, and possible action to approve the City Council Minutes.

Submitted by: Lluvia T. Almaraz, City Secretary

- April 21, 2021, City Council Regular Meeting; and
- April 27, 2021, 2020, City Council Called Special Session

REGULAR AGENDA

6. Second and Final Reading: Consideration, discussion, and possible action on an ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Heavy Commercial (C-3).

Applicant: Keepers Land Planning

Owner: Lisa Nehring

Submitted by: Scott Dunlop, Assistant Development Services Director

7. Consideration, discussion, and possible action on a Resolution of the City of Manor, Texas Approving and Authorizing the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2).

Submitted by: Thomas Bolt, City Manager

8. Consideration, discussion, and possible action on an Ordinance of the City of Manor, Texas Making a Finding of Special Benefit to the Property in the Manor Heights Public Improvement District; Providing for the Method of Assessment of Special Assessments Against Property in the District; Approving Assessment Rolls for the District; Levying Assessments Against Property Within the District; Providing for Payment of the Assessments; Providing for Penalties and Interest on Delinquent Assessments; Establishing a Lien on Property Within the District; Approving a Service and Assessment Plan; Providing for Related Matters in Accordance with Chapter 372, Texas Local Government Code; Providing an Effective Date; and Providing for Severability.

Submitted by: Thomas Bolt, City Manager

9. Consideration, discussion, and possible action on an Ordinance Authorizing the Issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project); Approving and Authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and Other Agreements and Documents in Connection Therewith; Making Findings with Respect to the Issuance of Such Bonds; Providing an Effective Date.

Submitted by: Thomas Bolt, City Manager

10. Consideration, discussion, and possible action on an Ordinance Authorizing the Issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project); Approving and Authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and Other Agreements and Documents in Connection Therewith; Making Findings with Respect to the Issuance of Such Bonds; Providing an Effective Date.

Submitted by: Thomas Bolt, City Manager

- 11. Consideration, discussion, and possible action on a Resolution finding that Oncor Electric Delivery Company LLC's application for approval of a distribution cost recovery factor pursuant to Texas Administrative Code 23.243 to increase distribution rates within the city should be denied.**
Submitted by: Thomas Bolt, City Manager
- 12. Consideration, discussion, and possible action on a Water Tower Lease and License Agreement with Cellco Partnership d/b/a Verizon Wireless.**
Submitted by: Scott Dunlop, Assistant Development Services Director
- 13. Consideration, discussion, and possible action on a change order to the construction contract for the Wilbarger Creek Wastewater Treatment and Collection System Improvements project.**
Submitted by: Frank T. Phelan, P.E., City Engineer
- 14. Consideration, discussion, and possible action on a Construction Contract for the East US 290 Waterline CIP W-17 in the amount of \$660,821.35.**
Submitted by: Samuel D. Kiger, P.E., City Engineer
- 15. Consideration, discussion, and possible action on a Construction Contract for the Cottonwood Creek Wastewater Collection System Improvements in the amount of \$2,973,557.00.**
Submitted by: Samuel D. Kiger, P.E., City Engineer

ADJOURNMENT

In addition to any executive session already listed above, the City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Section §551.071 (Consultation with Attorney), §551.072 (Deliberations regarding Real Property), §551.073 (Deliberations regarding Gifts and Donations), §551.074 (Personnel Matters), §551.076 (Deliberations regarding Security Devices) and §551.087 (Deliberations regarding Economic Development Negotiations).

CONFLICT OF INTEREST

In accordance with Section 12.04 (Conflict of Interest) of the City Charter, "No elected or appointed officer or employee of the city shall participate in the deliberation or decision on any issue, subject or matter before the council or any board or commission, if the officer or employee has a personal financial or property interest, direct or indirect, in the issue, subject or matter that is different from that of the public at large. An interest arising from job duties, compensation or benefits payable by the city shall not constitute a personal financial interest."

Further, in accordance with Chapter 171, Texas Local Government Code (Chapter 171), no City Council member and no City officer may vote or participate in discussion of a matter involving a business entity or real property in which the City Council member or City officer has a substantial interest (as defined by Chapter 171) and action on the matter will have a special economic effect on the business entity or real property that is distinguishable from the effect on the general public. An affidavit disclosing the conflict of interest must be filled out and filed with the City Secretary before the matter is discussed.

POSTING CERTIFICATION

I, the undersigned authority do hereby certify that this Notice of Meeting was posted on the bulletin board, at the City Hall of the City of Manor, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time: Friday, April 30, 2021, by 5:00 PM and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

/s/ Lluvia T. Almaraz, TRMC
City Secretary for the City of Manor, Texas

NOTICE OF ASSISTANCE AT PUBLIC MEETINGS:

The City of Manor is committed to compliance with the Americans with Disabilities Act. Manor City Hall and the Council Chambers are wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Secretary at 512.272.5555 or e-mail lalmaraz@cityofmanor.org.

Juneteenth

Saturday, June 19th
10am – 12:00pm

A Peace Walk will begin
at **10:00am** at **City Hall** and
end at **Jennie Lane Park** where
everyone will enjoy food, music
and much more!

BRING YOUR LAWN CHAIR!

 facebook.com/cityofmanor
dcharbonneau@cityofmanor.org



MANOR, TX
CITYOFMANOR.ORG



PROCLAMATION

In Memory of Hunter Hartman

WHEREAS, on behalf of the City of Manor, I wish to record our deep sorrow over the passing of Ms. Hunter Hartman on April 16, 2021; and

WHEREAS, Ms. Hunter was a beloved daughter, friend, and devoted Victim Services Specialist for the City of Manor; and

WHEREAS, Ms. Hunter recently graduated from Baylor University with her Masters Degree in social work; and

WHEREAS, she grew up near Bastrop County and graduated from Bastrop High School; and

WHEREAS, Ms. Hunter was dedicated to a life of service particularly to victims of crime and those experiencing mental health crisis; and

WHEREAS, she served beside the Manor Police Department Officers in providing compassionate and caring assistance to our community; and

WHEREAS, The City of Manor along with the Manor Police Department are blessed to have known her and been a part of her life; and

NOW THEREFORE, I, Dr. Larry Wallace Jr., Mayor of the City of Manor, Texas, and on behalf of the Manor City Council, in recognition of Hunter Hartman’s contributions to our City and its citizens, do hereby express our deep appreciation for her dedication to the community and extend to her family our sincere sympathy upon her passing.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the City of Manor to be affixed this 5th day of May 2021.

Dr. Larry Wallace Jr., Mayor
City of Manor



PROCLAMATION

Whereas, The National Trust for Historic Preservation established May as Historic Preservation Month in 1973, as a way to promote historic places for the purpose of instilling nation and community pride, promoting heritage tourism, and showing the social and economic benefits of historic preservation; and

Whereas, Historic Preservation Month can instill awareness of the local historically significant buildings and landmarks to the residents of Manor and surrounding communities; and

Whereas, historic preservation is relevant for communities across the nation, both urban and rural, and for Americans of all ages, all walks of life and all ethnic backgrounds; and

Whereas, it is important to celebrate the role of history in our lives and the contributions made by dedicated individuals in helping to preserve the tangible aspects of the heritage that has shaped us as a people.

Now, Therefore, I, Dr. Larry Wallace Jr., Mayor of the City of Manor, and on behalf of the Manor City Council, do hereby proclaim the month of May 2021 as:

“National Preservation Month”

and call upon the people of Manor to join their fellow citizens across the United States in recognizing and participating in the special observation.

Proclaimed this the 5th day of May 2021.

Dr. Larry Wallace Jr., Mayor
City of Manor



Item C.

PROCLAMATION

Whereas, During Asian American and Pacific Islander Heritage Month, we celebrate the indelible mark these individuals have left on our culture and pay tribute to the myriad ways in which they continue to strengthen our Nation; and

Whereas, Americans of Asian and Pacific Islander descent have made significant contributions to every aspect of our society, from business and politics to literature and the arts; and

Whereas, Asian Americans and Pacific Islanders have a rich heritage thousands of years old and have both shaped the history of the United States and had their lives dramatically influenced by moments in its history; and

Whereas, this month, we recognize the more than 20 million Americans of Asian and Pacific Islander descent who make irreplaceable contributions to our Nation's economy, security, and culture.

Now Therefore, I, Dr. Larry Wallace Jr., Mayor of the City of Manor, Texas, and on behalf of the Manor City Council, do hereby proclaim the month of May 2021 as:

“Asian/Pacific American Heritage Month”

in the City of Manor and encourage all citizens to learn more about those of Asian American, Native Hawaiian, and Pacific Islander heritage and to observe this month with appropriate programs and activities.

In Witness Whereof, I have hereunto set my hand and caused the seal of the City of Manor to be affixed this 5th day of May 2021.

Dr. Larry Wallace Jr., Mayor
City of Manor



Proclamation

52nd ANNUAL PROFESSIONAL MUNICIPAL CLERKS WEEK

Whereas, The Office of the City Secretary, a time honored and vital part of local government exists throughout the world, and

Whereas, The Office of the City Secretary is the oldest among public servants, and provides the professional link between the citizens, the local governing bodies and agencies of government at other levels, and

Whereas, Municipal Clerks have pledged to be ever mindful of their neutrality and impartiality, rendering equal service to all, and

Whereas, The City Secretary serves as the information center on functions of local government and community, and

Whereas, Municipal Clerks continually strive to improve the administration of the affairs of the Office of the City Secretary through participation in education programs, seminars, workshops and the annual meetings of their state, provincial, county and international professional organizations.

Whereas, It is most appropriate that we recognize the accomplishments of the Office of the City Secretary.

Now, therefore, I, Dr. Larry Wallace Jr., Mayor of the City of Manor, and on behalf of the Manor City Council, do hereby proclaim the week of May 2 - May 8, 2021, as:

“Municipal Clerks Week”

and further extend appreciation to all Municipal Clerks for the vital services they perform and their exemplary dedication to the communities they represent.

Proclaimed this the 5th day of May 2021.

*Dr. Larry Wallace Jr., Mayor
City of Manor*



PROCLAMATION

Recognizing National Police Week 2021 and honoring the service and sacrifice of those law enforcement officers killed in the line of duty while protecting U.S. communities and safeguarding our democracy.

WHEREAS, there are approximately 800,000 law enforcement officers serving in communities across the United States, including all dedicated **MANOR PEACE OFFICERS**; and

WHEREAS, since the first recorded line of duty death in 1786, more than 22,000 law enforcement officers in the United States have made the ultimate sacrifice and been killed in the line of duty. Currently there are 22,611 names engraved on the walls of the National Law Enforcement Officers Memorial; and

WHEREAS, the names of these dedicated public servants are engraved on the walls of the National Law Enforcement Officers Memorial in Washington, D.C; and

WHEREAS, 394 names of fallen heroes are being added to the National Law Enforcement Officers Memorial this spring, including 295 officers killed in 2020, and 99 officers killed in previous years; and

WHEREAS, of the 295 officers killed in 2020 on average left behind two children; and

WHEREAS, Texas and municipalities were the highest in the nation with the most officer fatalities; and

WHEREAS, the service and sacrifice of all officers killed in the line of duty will be honored during the National Law Enforcement Officers Memorial Fund's 33rd Annual Candlelight Vigil, on the evening of May 13, 2021 in the Nation's Capital.

NOW, THEREFORE, I, Dr. Larry Wallace Jr., Mayor of the City of Manor, and on behalf of the Manor City Council, do hereby proclaim the week of May 9-15, 2021, as:

"POLICE WEEK"

in **THE CITY OF MANOR**, and publicly salute the service of law enforcement officers in our community and in communities across the nation; and **BE IT FURTHER RESOLVED** that the downtown Manor water tower shall be lit in blue from May 9th to May 15th, 2021.

PROCLAIMED this the 5th day of May 2021

Dr. Larry Wallace Jr., Mayor
City of Manor



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Lluvia T. Almaraz, City Secretary
DEPARTMENT: Administration

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to approve the City Council Minutes.

- April 21, 2021, City Council Regular Meeting; and
- April 27, 2021, City Council Called Special Session

BACKGROUND/SUMMARY:

LEGAL REVIEW: Not Applicable
FISCAL IMPACT: Not Applicable
PRESENTATION: No
ATTACHMENTS: Yes

- April 21, 2021, City Council Regular Meeting Minutes
- April 27, 2021, City Council Called Special Session Minutes

STAFF RECOMMENDATION:

It is the City staff’s recommendation that the City Council approve the City Council Minutes of the April 21, 2021, City Council Regular Meeting; and April 27, 2021, City Council Called Special Session.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**



**CITY COUNCIL
REGULAR SESSION MINUTES
APRIL 21, 2021
Via Telephone/Video Conference
(Zoom Meeting)**

The meeting was live streamed on Manor Facebook Live beginning at 7:00 p.m.
<https://www.facebook.com/cityofmanor/>

Pursuant to Governor Greg Abbott's temporary suspension of various provisions of the Texas Open Meetings Act to allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in person meetings that assemble large groups of people the City Council meeting scheduled for Wednesday, April 21st, was only open to the public via remote access.

The following instructions were provided to the general public.

Instructions for Public Speaking:

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Mayor Wallace advised that all votes would be conducted by a Roll Call Vote, meaning each City Council Member would be called on separately to cast their vote.

PRESENT VIA ZOOM:

Dr. Larry Wallace Jr., Mayor

COUNCIL MEMBERS:

Dr. Christopher Harvey, Mayor Pro Tem, Place 3
Emily Hill, Place 1
Anne Weir, Place 2
Sonia Wallace, Place 4
Deja Hill, Place 5
Gene Kruppa, Place 6

CITY STAFF:

Thomas Bolt, City Manager
Lluvia T. Almaraz, City Secretary
Ryan Phipps, Chief of Police
Lydia Collins, Director of Finance
Scott Dunlop, Assistant Development Services Director
Tracey Vasquez, HR Manager
Debbie Charbonneau, Heritage and Tourism Manager
Scott Dunlop, Assistant Development Services Director
Michael Pachnick, IT Technician
Michael Tuley, Director of Public Works
Tracey Vasquez, HR Manager
Frank T. Phelan, P.E., City Engineer
Samuel Kiger, P.E., City Engineer
Veronica Rivera, Legal Counsel
Gregory Miller, Bond Counsel
Christina Lane, Finance Counsel
John Snyder, PID Administrator

REGULAR SESSION – 7:00 P.M.

With a quorum of the Council Members present via video/telephone conference, the regular session of the Manor City Council was called to order by Mayor Wallace at 7:04 p.m. on Wednesday, April 21, 2021.

PLEDGE OF ALLEGIANCE

At the direction of Mayor Wallace, City Engineer Phelan, led the Pledge of Allegiance.

PRESENTATIONS

A. Comprehensive Plan Presentation by Chance Sparks, Project Manager with Freese and Nichols.

At the direction of Mayor Wallace, Chance Sparks, Project Manager with Freese and Nichols presented the attached PowerPoint presentation.

The discussion was held regarding Council's expectations and involvement on the plan process.

EVENTS/ANNOUNCEMENTS

A. Community Shred Day and Electronic Recycling, Saturday, April 24th

City Secretary Almaraz announced and invited everyone to attend the Community Shred Day and Electronic Recycling Event, scheduled for Saturday, April 24, 2021, from 9am - 1pm at City Hall.

PROCLAMATIONS

A. Declaring Thursday, April 22, 2021, as "Earth Day"

Mayor Wallace read a proclamation declaring Thursday, April 22, 2021, as "*Earth Day.*"

B. Declaring the Month of May 2021, as "National Physical Fitness and Sports Month"

Mayor Wallace read a proclamation declaring the Month of May 2021, as "*National Physical Fitness and Sports Month.*"

PUBLIC COMMENTS

There were no public comments received prior to the meeting.

REPORTS

Reports about items of community interest on which no action was taken.

A. Manor Disaster Group

Mayor Wallace discussed the Manor Disaster Group Plan for the city.

PUBLIC HEARINGS

1. **Public Hearing: Conduct a public hearing on an ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Heavy Commercial (C-3). Applicant: Keepers Land Planning Owner: Lisa Nehring**

The City staff recommended that the City Council conduct the public hearing.

Mayor Wallace opened the public hearing.

Assistant Development Services Director Dunlop discussed the proposed ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Medium Commercial (C-2).

Ricca Keepers with Keepers Land Planning, 3712 Apple Vista Circle, Pflugerville, Texas, submitted a speaker card in support of this item, but did not speak.

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Emily Hill, to close the Public Hearing.

There was no further discussion.

Motion to close carried 7-0

CONSENT AGENDA

2. **Consideration, discussion, and possible action to approve the City Council Minutes.**

- April 7, 2021, City Council Regular Meeting; and
- April 9, 2021, 2020, City Council Called Special Session

3. **Consideration, discussion, and possible action on the acceptance of the March 2021 Departmental Reports.**

- Police – Ryan Phipps, Chief of Police
- Development Services – Scott Dunlop, Asst. Dev. Services Director
- Community Development – Debbie Charbonneau, Heritage and Tourism Manager
- Municipal Court – Sarah Friberg, Court Clerk
- Public Works – Michael Tuley, Director of Public Works
- Finance – Lydia Collins, Director of Finance

MOTION: Upon a motion made by Council Member Emily Hill and seconded by Council Member Wallace, to approve and adopt all items on the Consent Agenda.

There was no further discussion.

Motion to approve carried 7-0

At the direction of Mayor Wallace Agenda Item No. 16 and Item No. 14 were conducted next under regular agenda.

REGULAR AGENDA

16. Consideration, discussion, and possible action to adopt a resolution authorizing the City of Manor to sign onto the Cities Race to Zero.

The City staff recommended that the City Council approve the Mayor to accept the C40 invite from Mayor Steve Adler and approve Resolution No. 2021-10 to join the Cities Race to Zero.

Joshua Alpert with C40 Cities, 120 Park Avenue, New York, NY submitted a speaker card in support of this item. Mr. Alpert discussed the proposed resolution for the City of Manor to join the Cities Race to Zero.

Resolution No. 2021-10: A Resolution of the City Council of the City of Manor, Texas, to join cities race to zero in support of the Paris Agreement.

MOTION: Upon a motion made by Mayor Pro Tem Harvey and seconded by Council Member Wallace, to approve the Mayor to accept the C40 invite from Mayor Steve Adler and approve Resolution No. 2021-10 to join the Cities Race to Zero.

There was no further discussion.

Motion to approve carried 7-0

14. Consideration, discussion, and possible action on awarding a construction contract for the 2020 Capital Metro Paving Improvements Project.

The City staff recommended that the City Council award the 2020 Capital Metro Paving Improvements Project to Smith Paving, Inc.

City Engineer Phelan discussed the proposed construction contract for the 2020 Capital Metro Paving Improvement Project.

Bill Forsythe with Forsythe Brothers Infrastructure, LLC, P.O. Box 116, Manor, Texas, submitted a card in opposition to this item. Mr. Forsythe discussed the attached opposition letter.

John Forsythe with Forsythe Brothers Infrastructure, LLC, P.O. Box 116, Manor, Texas, submitted a card in opposition to this item. Mr. Forsythe discussed the company's qualifications for the project.

The discussion was held regarding the clarification on bonding insurance.

The discussion was held regarding the bidding requirements that were provided by Forsythe Brothers Infrastructure, LLC.

The discussion was held regarding employment for Manor residents with Forsythe Brothers Infrastructure, LLC.

The discussion was held regarding the possibility of offering apprenticeship to Manor young residents.

The discussion was held regarding the projected start date for the project.

MOTION: Upon a motion made by Mayor Pro Tem Harvey and seconded by Council Member Weir, to table this item to a special meeting no later than Tuesday, April 27, 2021.

The discussion was held regarding a deadline to submit additional materials needed from Forsythe Brothers Infrastructure, LLC.

There was no further discussion.

Motion to approve carried 7-0

4. Consideration, discussion, and possible action on a Resolution Expressing Intent to Finance Expenditures to be Incurred by the City of Manor, Texas.

The City staff recommended that the City Council approve and authorized Resolution No. 2021-04 Expressing Intent to Finance Expenditures to be incurred by the City of Manor, Texas.

Legal Counsel Rivera discussed the proposed resolution.

Jon Snyder with P3Works, 3901 S. Lamar Blvd., Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Talley Williams with Metcalfe Wolff Stuart & Williams, LLC, 221 W. 6th Street, Suite 1300., Austin, Texas, submitted a speaker card in support of this item; however, she did not wish to speak but was available to answer any questions posed by City Council.

Christina Lane, Finance Counsel, 6805 Capital of Texas Hwy., Suite 350, Austin, Texas, submitted a speaker card; however, she did not wish to speak but was available to answer any questions posed by City Council.

Resolution No. 2021-04: Resolution Expressing Intent to Finance Expenditures to be Incurred by the City of Manor, Texas.

MOTION: Upon a motion made by Council Member Deja Hill and seconded by Council Member Kruppa, to approve and authorized Resolution No. 2021-04 Expressing Intent to Finance Expenditures to be incurred by the City of Manor, Texas.

There was no further discussion.

Motion to approve carried 7-0

5. Consideration discussion and possible action on a Resolution of the City of Manor, Texas Approving and Authorizing the Manor Heights Public Improvement District Reimbursement Agreement (Major Improvement Area).

The City staff recommended that the City Council approve and authorized Resolution No. 2021-05 the Manor Heights Public Improvement District Reimbursement Agreement (Major Improvement Area).

Legal Counsel Rivera discussed the proposed resolution.

Jon Snyder with P3Works, 3901 S. Lamar Blvd., Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Talley Williams with Metcalfe Wolff Stuart & Williams, LLC, 221 W. 6th Street, Suite 1300., Austin, Texas, submitted a speaker card in support of this item; however, she did not wish to speak but was available to answer any questions posed by City Council.

Christina Lane, Finance Counsel, 6805 Capital of Texas Hwy., Suite 350, Austin, Texas, submitted a speaker card; however, she did not wish to speak but was available to answer any questions posed by City Council.

Rick Rosenberg with DPF, Inc., 8140 N. MoPac Expressway, Bldg. 4, Suite 270, Austin, Texas, submitted a speaker card in support of this item; however, he did not speak.

Justin Reynolds with Forestar Group, 10700 Pecan Park Blvd., Suite 150, Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Alex Granados with Kimley-Horn and Associates, 10814 Jollyville Rd., Bldg. 4, Suite 200 Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Resolution No. 2021-05: A Resolution of the City of Manor, Texas approving and authorizing the Manor Heights Public Improvement District Reimbursement Agreement (Major Improvement Area)

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Emily Hill, to approve and authorized Resolution No. 2021-05 the Manor Heights Public Improvement District Reimbursement Agreement (Major Improvement Area).

There was no further discussion.

Motion to approve carried 7-0

6. Consideration, discussion, and possible action on a Resolution of the City of Manor, Texas Approving and Authorizing a PID Financing Agreement.

The City staff recommended that the City Council approve and authorized Resolution No. 2021-06 the Manor Heights Public Improvement District Financing Agreement.

At the direction of Legal Counsel Rivera, PID Administrator Snyder discussed the proposed resolution.

Talley Williams with Metcalfe Wolff Stuart & Williams, LLC, 221 W. 6th Street, Suite 1300., Austin, Texas, submitted a speaker card in support of this item; however, she did not wish to speak but was available to answer any questions posed by City Council.

Christina Lane, Finance Counsel, 6805 Capital of Texas Hwy., Suite 350, Austin, Texas, submitted a speaker card; however, she did not wish to speak but was available to answer any questions posed by City Council.

Rick Rosenberg with DPF, Inc., 8140 N. MoPac Expressway, Bldg. 4, Suite 270, Austin, Texas, submitted a speaker card in support of this item; however, he did not speak.

Justin Reynolds with Forestar Group, 10700 Pecan Park Blvd., Suite 150, Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Alex Granados with Kimley-Horn and Associates, 10814 Jollyville Rd., Bldg. 4, Suite 200 Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Resolution No. 2021-06: A Resolution of the City of Manor, Texas Approving and Authorizing a PID Financing Agreement.

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Wallace to approve and authorized Resolution No. 2021-06 the Manor Heights Public Improvement District Financing Agreement.

There was no further discussion.

Motion to approve carried 7-0

- 7. Consideration, discussion and possible action on a Resolution of the City of Manor, Texas Determining the Costs of Certain Authorized Improvements to be Financed by the Manor Heights Public Improvement District; Approving a Preliminary Service and Assessment Plan, including the Proposed Assessment Rolls; Calling for Notice of a Public Hearing for May 5, 2021 to Consider an Ordinance Levying Assessments on Property Located within the Manor Heights Public Improvement District; Directing the Filing of the Proposed Assessment Rolls with the City Secretary to Make Said Proposed Assessment Rolls Available for Public Inspection; Directing City Staff to Publish and Mail Notice of Said Public Hearing; and Resolving Other Matters Related to the Foregoing.**

The City staff recommended that the City Council approve and authorize Resolution No. 2021-07 the determination of costs for authorized improvements to be financed by the Manor Heights PID; approve the Preliminary Service and Assessment Plan; direct the filing of the proposed assessment roles with the City Secretary for public inspection; set public hearings for May 5, 2021 and direct the publication and mailing of the public hearings to levy assessments by City staff.

At the direction of Legal Counsel Rivera, PID Administrator Snyder discussed the proposed resolution.

Talley Williams with Metcalfe Wolff Stuart & Williams, LLC, 221 W. 6th Street, Suite 1300., Austin, Texas, submitted a speaker card in support of this item; however, she did not wish to speak but was available to answer any questions posed by City Council.

Christina Lane, Finance Counsel, 6805 Capital of Texas Hwy., Suite 350, Austin, Texas, submitted a speaker card; however, she did not wish to speak but was available to answer any questions posed by City Council.

Rick Rosenberg with DPGF, Inc., 8140 N. MoPac Expressway, Bldg. 4, Suite 270, Austin, Texas, submitted a speaker card in support of this item; however, he did not speak.

Justin Reynolds with Forestar Group, 10700 Pecan Park Blvd., Suite 150, Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Alex Granados with Kimley-Horn and Associates, 10814 Jollyville Rd., Bldg. 4, Suite 200 Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Resolution No. 2021-07: A Resolution of The City of Manor, Texas Determining The Costs of Certain Authorized Improvements to be Financed by the Manor Heights Public Improvement District; Approving a Preliminary Service and Assessment Plan, Including the Proposed Assessment Rolls; Calling for Notice of a Public Hearing for May 5, 2021 to Consider an Ordinance Levying Assessments on Property Located Within the Manor Heights Public Improvement District; Directing the Filing of the Proposed Assessment Rolls With the City Secretary to Make Said Proposed Assessment Rolls Available for Public Inspection; Directing City Staff to Publish and Mail Notice of Said Public Hearing; and Resolving Other Matters Related to The Foregoing.

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Deja Hill to approve and authorized Resolution No. 2021-07 the determination of costs for authorized improvements to be financed by the Manor Heights PID; approve the Preliminary Service and Assessment Plan; direct the filing of the proposed assessment roles with the City Secretary for public inspection; set public hearings for May 5, 2021 and direct the publication and mailing of the public hearings to levy assessments by City staff.

There was no further discussion.

Motion to approve carried 7-0

8. Consideration, discussion, and possible action on a Resolution of the City of Manor, Texas Approving and Authorizing the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).

The City staff recommended that the City Council approve and authorize Resolution No. 2021-08 the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).

At the direction of Legal Counsel Rivera, PID Administrator Snyder discussed the proposed Resolution No. 2021-08 and Item 9, Resolution No. 2021-09.

Talley Williams with Metcalfe Wolff Stuart & Williams, LLC, 221 W. 6th Street, Suite 1300., Austin, Texas, submitted a speaker card in support of this item; however, she did not wish to speak but was available to answer any questions posed by City Council.

Christina Lane, Finance Counsel, 6805 Capital of Texas Hwy., Suite 350, Austin, Texas, submitted a speaker card; however, she did not wish to speak but was available to answer any questions posed by City Council.

Rick Rosenberg with DPF, Inc., 8140 N. MoPac Expressway, Bldg. 4, Suite 270, Austin, Texas, submitted a speaker card in support of this item; however, he did not speak.

Justin Reynolds with Forestar Group, 10700 Pecan Park Blvd., Suite 150, Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Alex Granados with Kimley-Horn and Associates, 10814 Jollyville Rd., Bldg. 4, Suite 200 Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Resolution No. 2021-08: Resolution Approving the Form and Authorizing the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Deja Hill to approve and authorized Resolution No. 2021-08 and Resolution No. 2021-09.

Legal Counsel Rivera advised Mayor and Council that separate motions would be needed for Item 8 and Item 9.

Council Member amended his motion.

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Deja Hill to approve and authorized Resolution No. 2021-08 the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).

There was no further discussion.

Motion to approve carried 7-0

9. Consideration, discussion, and possible action on a Resolution of the City of Manor, Texas Approving and Authorizing the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project).

The City staff recommended that the City Council approve and authorize Resolution No. 2021-09 the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project).

Trip Davenport with FMS Bonds, 5 Cowboys Way, Frisco, Texas, submitted a speaker card in support of this item; however, he did not wish to speak but was available to answer any questions posed by City Council.

Robert Rivera with FMS Bonds, 5 Cowboys Way, Frisco, Texas, submitted a speaker card in support of this item; however, he did not wish to speak but was available to answer any questions posed by City Council.

Talley Williams with Metcalfe Wolff Stuart & Williams, LLC, 221 W. 6th Street, Suite 1300., Austin, Texas, submitted a speaker card in support of this item; however, she did not speak but was available to answer any questions posed by City Council.

Christina Lane, Finance Counsel, 6805 Capital of Texas Hwy., Suite 350, Austin, Texas, submitted a speaker card; however, she did not wish to speak but was available to answer any questions posed by City Council.

Rick Rosenberg with DPF, Inc., 8140 N. MoPac Expressway, Bldg. 4, Suite 270, Austin, Texas, submitted a speaker card in support of this item; however, he did not speak.

Justin Reynolds with Forestar Group, 10700 Pecan Park Blvd., Suite 150, Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Alex Granados with Kimley-Horn and Associates, 10814 Jollyville Rd., Bldg. 4, Suite 200 Austin, Texas, submitted a speaker card; however, he did not wish to speak but was available to answer any questions posed by City Council.

Resolution No. 2021-09: Resolution Approving the Form and Authorizing the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project).

MOTION: Upon a motion made by Council Member Kruppa and seconded by Council Member Wallace to approve and authorize Resolution No. 2021-09 the Distribution of a Preliminary Limited Offering Memorandum for City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project).

There was no further discussion.

Motion to approve carried 7-0

10. Consideration, discussion, and possible action on an ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Heavy Commercial (C-3). Applicant: Keepers Land Planning Owner: Lisa Nehring

The City staff recommendation that the City Council approve an ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Medium Commercial (C-2).

City Manager Bolt discussed the proposed ordinance.

Ordinance: An Ordinance of the City of Manor, Texas, Amending the Zoning Ordinance by Rezoning a Parcel of Land From Agricultural (A) to Medium Commercial (C-2); Making Findings of Fact; And Providing for Related Matters.

MOTION: Upon a motion made by Mayor Pro Tem Harvey and seconded by Council Member Weir to approve an ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Medium Commercial (C-2).

Assistant Development Services Director Dunlop discussed the attached opposition letter from Mr. James Mercer, 15710 Voelker Lane, Elgin, Texas.

The discussion was held regarding regulations for rezoning changes and city ordinance compliance.

There was no further discussion.

Motion to approve carried 7-0

11. Postponed Item: Consideration, discussion, and possible action on a waiver from Manor Code of Ordinances Chapter 15, Article 15.01 Site Development Plans, Article 15.02 Parking Standards, and Article 15.03 Landscaping and Screening on Lots 2 & 3, Block 11, A.E. Lane Addition, 109 East Murray Ave. Owner: Eric and Rebekah Thomason Applicant: Eric and Rebekah Thomason

The City staff recommended that the City Council deny a waiver from Manor Code of Ordinances Chapter 15, Article 15.01 Site Development Plans, Article 15.02 Parking Standards, and Article 15.03 Landscaping and Screening on Lots 2 & 3, Block 11, A.E. Lane Addition, 109 East Murray Ave.

City Manager Bolt discussed the waiver request for 109 E. Murray Avenue.

The discussion was held regarding the city establishing a food truck ordinance regulation.

The discussion was held regarding the length of the waiver request.

Legal Counsel Rivera advised there were no prohibitions on a waiver limitation.

Property owners Eric and Rebekah Thomason discussed their plans for the food truck location.

MOTION: Upon a motion made by Mayor Pro Tem Harvey and seconded by Council Member Kruppa to approve a waiver for a three (3) year limit from Manor Code of Ordinances Chapter 15, Article 15.01 Site Development Plans, Article 15.02 Parking Standards, and Article 15.03 Landscaping and Screening on Lots 2 & 3, Block 11, A.E. Lane Addition, 109 East Murray Avenue, with parking being located onsite.

The discussion was held regarding the food truck location on the property and trash bins.

Mayor Pro Tem Harvey thanked and welcomed the property owners on behalf of the Economic Development Committee (EDC).

There was no further discussion.

Motion to approve carried 7-0

12. Consideration, discussion, and possible action on a waiver from Manor Code of Ordinances Chapter 15, Article 15.01 Site Development Plans, Article 15.02 Parking Standards, and Article 15.03 Landscaping and Screening on Lot 10, Block 5, Town of Manor, 101 East Brenham Street, Manor, TX. Owner: Dennis and Susan Kerlin Applicant: Dennis and Susan Kerlin

The City staff recommended that the City Council approve a waiver from Manor Code of Ordinances Chapter 15, Article 15.01 Site Development Plans, Article 15.02 Parking Standards, and Article 15.03 Landscaping and Screening on Lot 10, Block 5, Town of Manor, 101 East Brenham Street, Manor, TX.

City Manager Bolt discussed the waiver request for 101 E. Brenham Street.

The discussion was held regarding an assessment on the area.

Property owners Dennis and Susan Kerlin discussed their plans for the food truck's location.

The discussion was held regarding the parking on site.

Mayor Pro Tem Harvey thanked and welcomed the property owners on behalf of the Economic Development Committee (EDC).

MOTION: Upon a motion made by Mayor Pro Tem Harvey and seconded by Council Member Kruppa to approve a waiver for a three (3) year limit from Manor Code of Ordinances Chapter 15, Article 15.01 Site Development Plans, Article 15.02 Parking Standards, and Article 15.03 Landscaping and Screening on Lot 10, Block 5, Town of Manor, 101 East Brenham Street, Manor, TX, with parking being located onsite.

There was no further discussion.

Motion to approve carried 7-0

13. Consideration, discussion, and possible action on a Purchase Contract with Timmermann Commercial Investments, LP for a water easement with temporary construction easement.

The City staff recommended that the City Council approve the purchase contract with Timmermann Commercial Investments, LP for a water easement with temporary construction easement.

City Engineer Kiger discussed the proposed purchase contract and letter of agreements.

MOTION: Upon a motion made by Council Member Deja Hill and seconded by Council Member Wallace to approve the purchase contract with Timmermann Commercial Investments, LP for a water easement with temporary construction easement.

There was no further discussion.

Motion to approve carried 7-0

15. Consideration, discussion, and possible action on applying for the Healthy Babies Bright Futures (HBBF) and Mayors Innovation Project (MIP) grant program and authorizing the Mayor to sign a resolution evidencing such authorization.

Mayor Wallace discussed the proposed Healthy Babies Bright Future (HBBF) and Mayors Innovation Project (MIP) grant program.

The discussion was held regarding the city's administration concerns for managing the program.

The discussion was held regarding the involvement of organizations for the program.

MOTION: Upon a motion made by Council Member Weir and seconded by Mayor Pro Tem Harvey to approve on applying for the Healthy Babies Bright Futures (HBBF) and Mayors Innovation Project (MIP) grant program and authorizing the Mayor to sign a resolution evidencing such authorization if all contingencies are met. Contingencies consist of identifying the operating agency for the grant, grant writer and operating cost not to exceed the grant amount.

The discussion was held regarding the grant process for the city.

There was no further discussion.

Motion to approve carried 7-0

17. Consideration, discussion, and possible action on a Memorandum of Understanding (MOU) agreement between the City of Manor and the University of Texas at Austin.

Council Member Deja Hill discussed the proposed MOU Agreement.

Council Member Weir discussed the grant amount and services that would be provided to Manor teens.

MOTION: Upon a motion made by Mayor Pro Tem Harvey and seconded by Council Member Emily Hill to approve a Memorandum of Understanding (MOU) agreement between the City of Manor and the University of Texas at Austin contingent upon any issues or revisions required by legal and authorizing the Mayor to sign a resolution evidencing such authorization.

The discussion was held regarding facilities that could be use for the program.

There was no further discussion.

Motion to approve carried 7-0

Mayor Wallace adjourned the regular session of the Manor City Council into Executive Session at 10:27 p.m. on Wednesday, April 21, 2021, in accordance with the requirements of the Open Meetings Law.

Legal Counsel Rivera and Bradford E. Bullock with Russell Rodriguez Hyde Bullock, LLP joined the executive session via zoom.

EXECUTIVE SESSION

The Manor City Council convene into executive session pursuant to the provisions of Chapter 551 Texas Government Code, in accordance with the authority contained in - *Section 551.071, Texas Government Code, and Section 1.05, Texas Disciplinary Rules of Professional Conduct to consult with legal counsel to discuss City of Manor Code of Ordinances regarding Manor RV Park, LLC v. City of Manor, ET AL.* at 10:27 p.m. on Wednesday, April 21, 2021.

The Executive Session was adjourned at 10:57 p.m. on Wednesday, April 21, 2021.

OPEN SESSION

The City Council reconvened into Open Session pursuant to the provisions of Chapter 551 Texas Government Code and took action on item(s) discussed during Closed Executive Session at 10:57 p.m. on Wednesday, April 21, 2021.

Mayor Wallace opened the floor for action to be taken on the items discussed in the Executive Session.

There was no action taken.

ADJOURNMENT

The Regular Session of the Manor City Council Adjourned at 10:57 p.m. on Wednesday, April 21, 2021.

These minutes approved by the Manor City Council on the 5th day of May 2021.

APPROVED:

Dr. Larry Wallace Jr.
Mayor

ATTEST:

Lluvia T. Almaraz, TRMC
City Secretary

Draft Minutes



1

PROJECT TEAM



Wendy Shabay, FAICP
Principal-in-Charge



Chance Sparks, AICP, CNU-A
Project Manager



Erica Craycraft, AICP, LEED GA
Assistant Project Manager



Travis James
Fiscal Impact Analysis



Lauren Garrott
Project Planner



David Paine, AICP, PTP
Transportation & FIM



Shad Comeaux



Jessica Vassar



Gail Ferry Katalenas



Bryan Janhsen



Dan Sefko



Edmund Haas



Ellen Emeric



Kim Patak

+ A DEEP BENCH OF TALENT & EXPERTISE



2



EXECUTED SCOPE OF WORK

PROJECT

- Manor Comprehensive Plan, including Transportation Plan and Parks, Recreation and Open Space Plan

ASSUMPTIONS

- City will coordinate all contact, meetings, and transfer of information/ data.

TIMELINE

- 15 Months
- City will handle arrangements for meetings (logistics). FNI will assist in content creation for meeting advertisement.
- City will supply all previous plans, studies, maps and aerial imagery not available to FNI.

3



EXECUTED SCOPE OF WORK

DRAFT DOCUMENTS

- Comprehensive Plan, including Parks Plan and Transportation Plan
- Draft chapters will be sent for each document according to the proposed schedule
- Schedule also factors City review time

4

■ **MINIMUM MEETINGS & EVENTS**

- 1 STAFF INITIATION CONFERENCE CALL**
- 2 KICKOFF MEETING AND STUDY AREA TOUR**
- 3 STEERING COMMITTEE MEETINGS [6 MEETINGS]**
- 4 STAKEHOLDER INTERVIEWS [2 DAYS]**
- 5 COMMUNITY WORKSHOPS/OPEN HOUSES [4]**
- 6 CHECK-IN AND ADOPTION MEETINGS [3 MEETINGS]**
- 7 INTERACTIVE WEBSITE WITH VIRTUAL ENGAGEMENT**

5



EXECUTED
SCOPE OF WORK

■ **DELIVERABLES**

- *Electronic PDF*
- *Digital package containing electronic files for the report, chart, tables, maps, GIS files, and other electronic data developed during the process*

■ **PROJECT COST**

- \$319,168.00

6



ANATOMY OF YOUR COMPREHENSIVE PLAN

1 INTRODUCTION AND COMMUNITY SNAPSHOT

- *Introduction to the comprehensive plan, and how to use it*
- *Historic timelines and key events that shaped Manor today*
- *Demographic data (that tells a story)*
- *Planning context (past planning efforts, regional efforts, physical attributes, COVID)*

2 VISION, GUIDING PRINCIPLES AND GOALS

- *Vision statement – what is Manor like in 2050?*
- *Guiding principles – the moral compass of the city and guidepost for decision-making in the unexpected*
- *Goals – topical future conditions to achieve the vision*
- *Summary of engagement and data (appendix)*

7



ANATOMY OF YOUR COMPREHENSIVE PLAN

3 LAND USE, GROWTH AND DOWNTOWN/TOD

- *Existing land use analysis*
- *Future land use plan with metrics, place types and map*
- *Population patterns and projections*
- *Downtown/Transit-Oriented Development (may become separate document for ease of reference)*

4 TRANSPORTATION

- *Current plans and agency coordination (MPO, TXDOT, CapMetro, etc.)*
- *Existing conditions assessment and evaluation of future roadway needs*
- *Thoroughfare plan, functional classifications and design standards (multiple modes)*
- *Action plan*

8



ANATOMY OF YOUR COMPREHENSIVE PLAN

5

INFRASTRUCTURE

- *Integrating utility system plans and strategies*
- *Approaches to stormwater management and environment*
- *Infrastructure efficiency*

6

PARKS, RECREATION, AND OPEN SPACE

- *Community context and inventory*
- *Vision/goals (independent for TPWD compliance)*
- *Needs assessment (standards-, demand- and resource-based)*
- *Recommendations and Action Plan*

9



ANATOMY OF YOUR COMPREHENSIVE PLAN

7

ECONOMIC RESILIENCY

- *Evaluate current approaches to building economically resilient and diverse communities in light of current influences*
- *Density needs and variables that influence the vibrancy of commercial corridors and nodes*
- *High level economic and tax impacts of plan components, with likely job activity and incremental revenue capture*
- *Evaluation of catalytic locations identified through analysis, and pathways to achievement*

8

COMMUNITY IDENTITY AND URBAN DESIGN

- *Street design and pedestrian enhancements*
- *Gateways along key routes to and through the city*
- *Community image*
- *Screening and aesthetics*
- *Neighborhood stability, displacement and enhancement (sometimes in different chapter)*

10



ANATOMY OF YOUR COMPREHENSIVE PLAN

9 IMPLEMENTATION

- Divides policies and related recommendations into specific techniques
- Prioritizes actions into appropriate time periods
- Metrics from which to gauge the effectiveness of the strategies
- Diagnostic analysis and report on the City's current ordinances to align with the Plan

11

Manor Comprehensive Plan Project and Meeting Schedule		2021										2022					
Task	Meeting, Task Objective or Deliverable	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
1	Task 1: Project Management and Quality Control																
	Task 2: Engagement and Meetings																
	Internal Kickoff																
	Staff Initiation Conference Call	4/7															
	Interactive Project Website		5/21														
2	Kickoff Meeting and Study Area Tour		5/6 or 5/7														
	Steering Committee Meetings		5/26														
	Stakeholder Meetings																
	Online Surveys (3)																
	Community Design Workshop/Open House (4)																
	City Council Check-in and Adoption Meetings																
3	Task 3: Introduction and Snapshot																
4	Task 4: Draft Vision, Guiding Principles and Goals																
5	Task 5: Land Use																
	Downtown/TOD																
6	Task 6: Transportation																
7	Task 7: Infrastructure																
8	Task 8: Parks, Recreation, Open Space																
9	Task 9: Economic Resiliency																
10	Task 10: Community Identity and Urban Design																
11	Task 11: Implementation																
12	Task 12: Preparation of Final Documents																

12



PROJECT SCHEDULE

- *Kickoff Meeting and Tour*
 - *Friday, May 7th at 1pm*
- *Project Website*
 - *May 3, 2021*
- *CPAC Meetings*
 - *P&Z meets 2nd Wednesday of each month*
 - *Caseload?*
 - *Prefer to meet 4th Wednesday as CPAC as needed to avoid overload and provide focus?*
 - *1st CPAC Meeting May 26, 2021?*
- *Virtual early in process for CPAC and public engagement; transition with vaccine adoption*
 - *Preferred platform? Zoom, Teams?*
 - *Initial web-based engagement: May 3, 2021*

Data, particularly GIS, received by
April 16, 2021

*(to generate website content, web-based
engagement and information for first CPAC)*

13



KICK-OFF & STUDY AREA TOUR

■ KICKOFF MEETING (1 hour)

- *Project intro*
- *Discuss Existing Plans, Development Issues, Facilities, Infrastructure, etc.*
- *Identification of Key Priorities*
- *Controversial Topics*

■ DRIVING TOUR (up to 3 hours)

- *Logistics (City staff to facilitate)*
- *Provide Map in Advance (can be simple/hand-marked or just points of interest)*
- *Key Sites and Destinations*
- *Take-Aways*

14



DATA REQUEST & COLLECTION

■ GIS DATA

- Current Zoning
- Parks
- Transportation
- Infrastructure
- City Limits/ETJ
- Basemap Data

■ GENERAL

- Historical or current photos to be included (general interest and city marketing), especially parks/festivals
- Information on any significant in-progress developments
- Information on largest employers
- CIP program from last 10 years
- Special data related to parks and recreation (inventory, etc.)
- Development regulations
- Other plans, including water and wastewater utility plans

15

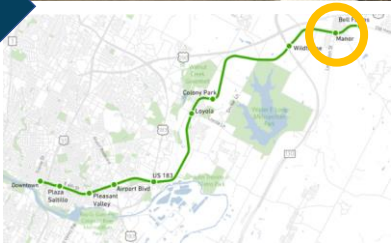
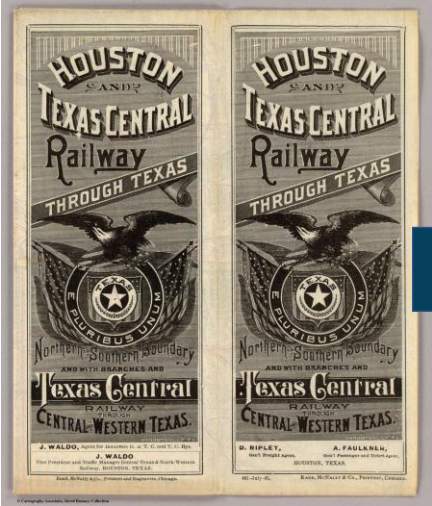
PROJECT BRANDING



16



HISTORY
FUTURE



17



BRAND
THINKING

Name: Destination 2050

- *History: 1871 1st railroad link to the Texas capitol through Manor; history tied to rail*
- *Future: CapMetro Green Line, TOD and next chapter of Manor's history tied to rail*
- *Future: More urban... a destination for more residents, businesses, opportunity and quality of life*
 - *What do you want your destination to be like?*
- *Design themes: railroad tracks, trains, railroad signs, water tower*
 - *Pull in modern aspects as well – looking forward, not backwards*
- *Colors: pull from high school, chamber branding, or from retro poster color scheme*



18



WHAT ARE YOU THINKING ABOUT?

STARTING ON THE RIGHT FOOT

- *What types of issues do you hope this Comprehensive Plan helps you address or accomplish?*
- *What are the best ways to reach people that might not have participated, historically?*
 - *Is it trust? Time availability due to work/family? Other barriers?*
- *What do you think we should know as your consultant that would help this planning effort be successful?*

Ms. Pauline Gray, PE

Senior Engineer

Jay Engineering Company

Dear Ms. Gray-

We are in possession of your letter , dated April 13, 2021, to Dr. Larry Wallace, Mayor of the the City of Manor, related to recommendation of award of the City of Manor/Capital Metro 2020 paving improvements contract. As a local firm, we are disappointed in your proposed recommendation of award to another firm at an additional cost of nearly \$20000 to the Taxpayers of our area. Additionally, no attempt was made to advise us of this recommendation as a courtesy to us as low bidder, nor was any attempt to clarify any outstanding questions regarding qualifications.

Your letter to Mayor Wallace outlines several reasons for the logic behind the recommendation. I have outlined these as follows with applicable responses below.

“Bidders are required to submit satisfactory evidence that they have a practical knowledge of the work being bid upon, that they have adequate technical expertise for the type of work required and that they have the necessary financial resources to complete the work. The project references provided did not demonstrate that Forsythe Brothers Infrastructure, Inc (sic, Forsythe Brothers Infrastructure is an llc, not a corporation) has a practical knowledge and adequate technical expertise for the type of work being proposed for the project.”

As you are aware, a portion of this project requires the complete reconstruction (full depth repair) of portions of City streets in the project base bid. Our firm has expended resources already at our own risk to survey the existing roadway profile and side ditches to help develop a precise plan/profile for the project. It demonstrates our technical expertise to provide a proposed design profile for the project due to undulating vertical geometry. More importantly, our due diligence has noted several areas of potential drainage concern which will require adjustments to the proposed roadway cross slopes to avoid runoff ponding issues. Our firm also surveyed existing drainage structures and ditches to ensure profile of proposed drainage pipes would provide clear cover below roadway pavement subgrade. These considerations/engineering tasks are/were absent in the design plans.

Additionally, conversations with references would yield that on the 2019 Williamson County culverts repair project, our firm was tasked with over 700 lf of full depth roadway construction of a county road, with closures of the roadway limited only to daytime working hours. This constraint effectively requires the contractor to remove a portion of pavement daily, and process and compact that same section of pavement, while returning to traffic same day. This procedure is an order of magnitude more difficult than the proposed phasing plan for the subject project. This work among other local projects requiring significant flexible base construction work.

“There were no references provide for previous paving work included in the submittal.”

This statement is correct. Our firm does not install hot mixed asphaltic concrete pavement except within the context of smaller street or roadway repairs. You’ll refer to our post bid documents which state that Lone Star Paving company is our installer of choice for hot mix and overlay work. Any designer familiar with the paving industry understands their credentials, and that they install thousands of tons of hot mix weekly, from small parking lots or two lane city streets, to Interstate Highway work for the Texas Department of Transportation.

“During the financial review, it was noted that Forsythe Brothers Infrastructure, inc (sic) did not submit any credit sources either from their bank or vendors. “

Is the evaluator penalizing Forsythe Brothers Infrastructure, llc for being competent with financial resources? Our firm’s model is to typically fund projects out of pocket, and resist “30 days to pay” financing. This has always forced our firm to be the last to be paid on a project, but speaks to our integrity as a contractor that we willingly risk our own funds to complete projects. It’s a timeless business model which has allowed our firm to exist for 15 years.

“Reference information from their bank showed that their account balance has decreased by an order of magnitude within the last few months. “

The evaluator never asked for all sources of liquidity to our firm, such as money markets, or other liquid assets. Only our Independent Financial bank account was requested. Nor did the evaluator ask for open receivables, of which we currently are due nearly \$300000 USD. So transfer of funds to “non-bank” accounts certainly will lower the bank balance. Those other sources were never requested.

“Additionally, current bonding levels are at a little over 10% percent of their capacity, indicating a low volume of bonded work ongoing.”

As a taxpayer in the City, this statement is somewhat disconcerting as it indicates that the evaluator has an incomplete understanding of the Miller Act and the risk analysis associated with performance bonding. To state that a firm that can acquire performance and payment bonds (us) is only utilizing 10% (and actually that number is now 0% as we’re complete on another project as of this writing) bodes well for an Owner (taxpayer) because it shows that the exposure(leverage) of the contractor is low relative to it’s allowed capability. The statement in the letter to Dr Wallace would imply that operating a construction firm at near 100% of bonding capacity is a good thing; the opposite is true, as that firm would be leverage financially and would also likely have potential scheduling/crew commitment conflicts to overcome to schedule your project. Our firm is ready to go to work on the City of Manor 2020 Paving Improvements project yesterday because of the low bonded work to capacity ratio.

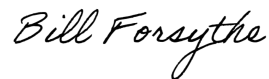
It is clear from the letter of recommendation that the City of Manor intends to award this project to Smith Paving. Given that we request the following:

1. Smith Paving be required to perform the work at the total bid cost as proposed by the low bidder, Forsythe Brothers Infrastructure, llc. This will save the citizens of the City of Manor nearly \$20000.
2. As I've spent a great deal of time driving and observing the work on the 2019 paving project performed by the same firm, we request that Smith Paving be required to return to that job site and correct deficiencies at their own expense prior to beginning the 2020 project. These deficiencies are as follows:
 - No concrete paving diamonds were cast around existing manholes as part of the final pavement surface. These are outlined on sheet 7 of the 2019 plan set.
 - Installation of safety end treatments along the route do not comply with the City of Manor standard detail for SET's. I request a site visit/meeting to address these concerns.Photos are attached for your convenience.

Thank you for taking the time to review our responses to the statements in the letter to Dr. Wallace. We request that this letter be included in the backup documentation during the recommendation of award. Thank you for allowing us to voice our concerns in writing and better represent the Taxpayers of Manor,

Best Regards,

Bill



Bill Forsythe PE

Forsythe Brothers Infrastructure, llc







JAMES MERCER JR
15710 VOELKER LANE
ELGIN, TEXAS 78621
(512) 736-8880

APRIL 20, 2021

(VIA FAX) 512 272-8636

Mayor Dr. Larry Wallace Jr. Mayor
Emily Hill Council Member Place 1
Anne Weir Council Member Place 2
Dr. Christopher Harvey Mayor Pro-Tem Place 3
Sonia Wallace Council Member Place 4
Deja Hill Council Member Place 5
Gene Kruppa Council Member Place 6

Re: Rezoning Application Notification-15721 US Hwy 290 E, Manor Texas
78653 (2.13 Acres)

Dear Mayor, Mayor Pro Tem, and Council Members:

As a resident of the Bluebonnet Neighborhood over 27 years. This letter is to express my opposition to the above-referenced rezoning request to change the designated zone type from (Agricultural (A) to Heavy Commercial (C-3). I am aware that several of my neighbors who resided within the subject property are also opposed to this rezoning request.

We faced this similar request July 2018. Nothing in this residential neighborhood has changed since.

We reside in a quiet, peaceful neighborhood. Most of it is agricultural. With the exception of the tire shop across Highway 290. Where there was a suspicious death at this tire shop a few years back.

I am a U S Air Force Veteran, along with several other U S Armed Services individual that reside in Bluebonnet Neighborhood. We have kids riding bikes, and several women whom walk this community.

This property is very low lying. It does not drain properly. Any change will cause flooding to my property and the properties that are in close proximity. Not only property concerns, but someone could be hurt or killed by water that flows out of control.

I urge the Mayor, Mayor Pro-Tem and Council Members to retain the present Agricultural Zoning. We know that others are awaiting your classification change, which will decrease the value of our property and homes.

In addition I have been here 27 years and have seen what water has done to low level property here.

I appreciate the opportunity to present my concerns to you, and hopefully you respectfully reject this rezoning request..

Respectfully Submitted,



James Mercer Jr



**CITY COUNCIL
CALLED SPECIAL SESSION MINUTES
APRIL 27, 2021
Via Telephone/Video Conference
(Zoom Meeting)**

The meeting was live streamed on Manor Facebook Live beginning at 12:00 p.m.
<https://www.facebook.com/cityofmanor/>

Pursuant to Governor Greg Abbott's temporary suspension of various provisions of the Texas Open Meetings Act to allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in person meetings that assemble large groups of people the City Council special meeting scheduled for Tuesday, April 27th, was only open to the public via remote access.

The following instructions were provided to the general public.

Instructions for Public Speaking:

- Members of the public that wish to speak during public comments, public hearing or an agenda item will need to register in advance by visiting www.cityofmanor.org where a registration link will be posted on the calendar entry for each public meeting. You will register by filling in the speaker card available for that specific meeting and submitting it to publiccomments@cityofmanor.org. Once registered, instructions will be emailed to you on how to join the videoconference by calling in. Your Speaker Card must be received two (2) hours prior to scheduled meeting.

Upon receiving instructions to join zoom meeting the following rules will apply:

- All speakers must address their comments to the Mayor rather than to individual Council Members or city staff. Speakers should speak clearly into their device and state their name and address prior to beginning their remarks. Speakers will be allowed three (3) minutes for testimony. Speakers making personal, impertinent, profane or slanderous remarks may be removed from the meeting.

Mayor Wallace advised that all votes would be conducted by a Roll Call Vote, meaning each City Council Member would be called on separately to cast their vote.

PRESENT VIA ZOOM:

Dr. Larry Wallace Jr., Mayor

COUNCIL MEMBERS:

Dr. Christopher Harvey, Mayor Pro Tem, Place 3 (joined zoom meeting at 12:08 p.m.)
Emily Hill, Place 1
Anne Weir, Place 2
Sonia Wallace, Place 4
Deja Hill, Place 5
Gene Kruppa, Place 6 (Absent)

CITY STAFF:

Thomas Bolt, City Manager
Scott Dunlop, Assistant Development Services Director
Frank T. Phelan, P.E., City Engineer

SPECIAL SESSION – 12:00 P.M.

With a quorum of the Council Members present via video/telephone conference, the special session of the Manor City Council was called to order by Mayor Wallace at 12:00 p.m. on Tuesday, April 27, 2021.

PLEDGE OF ALLEGIANCE

At the direction of Mayor Wallace, Assistant Development Services Director Dunlop, led the Pledge of Allegiance.

PUBLIC COMMENTS

There were no public comments received prior to the meeting.

REGULAR AGENDA

- 1. Tabled Item: Consideration, discussion, and possible action on awarding a construction contract for the 2020 Capital Metro Paving Improvements Project.**

The City staff recommended that the City Council award the 2020 Capital Metro Paving Improvements Project to Forsythe Brothers Infrastructure, LLC. in the amount of \$374,188.75 for all base bid and alternate bid work and recognize the additional risk for the city for awarding the contract without having a broad history from the contractor for this type of work.

City Engineer Phelan discussed the new information that was provided by Forsythe Brothers Infrastructure, LCC.

MOTION: Upon a motion made by Council Member Weir and seconded by Council Member Wallace, to award the 2020 Capital Metro Paving Improvements Project to Forsythe Brothers Infrastructure, LLC, in the amount of \$374,188.75.

There was no further discussion.

Motion to approve carried 6-0

ADJOURNMENT

The Special Session of the Manor City Council Adjourned at 12:10 p.m. on Tuesday, April 27, 2021.

These minutes approved by the Manor City Council on the 5th day of May 2021.

APPROVED:

Dr. Larry Wallace Jr.
Mayor

ATTEST:

Lluvia T. Almaraz, TRMC
City Secretary

Draft Minutes



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Scott Dunlop, Assistant Director
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Second and Final Reading: Consideration, discussion, and possible action on an ordinance rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to Heavy Commercial (C-3).

Applicant: Keepers Land Planning

Owner: Lisa Nehring

BACKGROUND/SUMMARY:

This property was annexed in 2017 along with most properties fronting US Hwy 290 so the city could capture commercial growth and potential future sales taxes as well as controlling the growth along the city's primary corridor. The default zoning after annexing is Agricultural but the intent of bringing these properties into the city limits was to eventually have them zoned commercial. This is one of the reasons an earlier request of Light Industrial (IN-1) was denied, because the city sought a commercial designation. This request is for C-3 Heavy Commercial but due to the proximity of residential and because C-3 is a combination of commercial and light industrial uses staff supports a C-2 Medium Commercial designation, which most commercial properties fronting US Hwy 290 are zoned. The city has development regulations to protect residential properties from commercial development including larger setbacks and required 25' wide landscaped bufferyards. Had this property not been annexed in 2017 the previous industrial use (AmeriGas) would have likely been permitted by the County through administrative site review.

Planning and Zoning Commission recommended 4-0 C-2 Medium Commercial

On April 21, 2021, City Council approved C-2 Medium Commercial on first reading 7-0

LEGAL REVIEW: Not Applicable

FISCAL IMPACT: No

PRESENTATION: No

ATTACHMENTS: Yes

- Ordinance No. 608
- Letter of Intent
- Rezoning Map
- Area Map
- Adjacent Property Owner Letters
- Notice Letter
- Mailing Labels

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve the second and final reading of Ordinance No. 608 rezoning 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E from Agricultural (A) to **Medium Commercial (C-2)**.

PLANNING & ZONING COMMISSION:	Recommend Approval	Disapproval	None
	X C-2 Medium Comm.		

ORDINANCE NO. 608**AN ORDINANCE OF THE CITY OF MANOR, TEXAS, AMENDING THE ZONING ORDINANCE BY REZONING A PARCEL OF LAND FROM AGRICULTURAL (A) TO MEDIUM COMMERCIAL (C-2); MAKING FINDINGS OF FACT; AND PROVIDING FOR RELATED MATTERS.**

Whereas, the owner of the property described hereinafter (the "Property") has requested that the Property be rezoned;

Whereas, after giving ten days written notice to the owners of land within three hundred feet of the Property, the Planning & Zoning Commission held a public hearing on the proposed rezoning and forwarded its recommendation on the rezoning to the City Council;

Whereas, after publishing notice of the public at least fifteen days prior to the date of such hearing, the City Council at a public hearing has reviewed the request and the circumstances of the Property and finds that a substantial change in circumstances of the Property, sufficient to warrant a change in the zoning of the Property, has transpired;

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

Section 1. Findings. The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. Amendment of Ordinance. City of Manor Code of Ordinances Chapter 14 Zoning Ordinance ("Zoning Ordinance" or "Code"), is hereby modified and amended by rezoning the Property as set forth in Section 3.

Section 3. Rezoned Property. The Zoning Ordinance is hereby amended by changing the zoning district for the land and parcel of property described in Exhibit "A" (the "Property"), from the current zoning district Agricultural (A) to zoning district Medium Commercial (C-2). The Property is accordingly hereby rezoned to Medium Commercial (C-2).

Section 4. Open Meetings. That it is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapt. 551, Texas Gov't. Code.

PASSED AND APPROVED FIRST READING on this the 21st day of April 2021.

PASSED AND APPROVED SECOND AND FINAL READING on this the 5th day of May 2021.

THE CITY OF MANOR, TEXAS

Dr. Larry Wallace Jr.,
Mayor

ATTEST:

Lluvia T. Almaraz, TRMC,
City Secretary

EXHIBIT “A”

Property Address:
15721 US Hwy 290 East, Elgin, Texas 78621

Property Legal Description:

Lot 4, Bluebonnet Parkway Business Park, Section One, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Volume 87, Page 178A, Plat Records of Travis County, Texas.

March 3, 2021

City of Manor
15721 Hwy E 290
Elgin TX 78621

To Whom It May Concern,

We are proposing 15721 Hwy E 290, Elgin TX to become rezoned to Commercial-3 it is currently Agriculture. Surrounding the lots there are small businesses and single-family homes on acreage Land uses for the surrounding properties are similar in use and zoning. As an example, across the street is Industrial-1 for 15908 E US 290 HWY WB and Commercial-2 on 15301 Voelker Lane. Commercial-2 land is used as a tire shop.

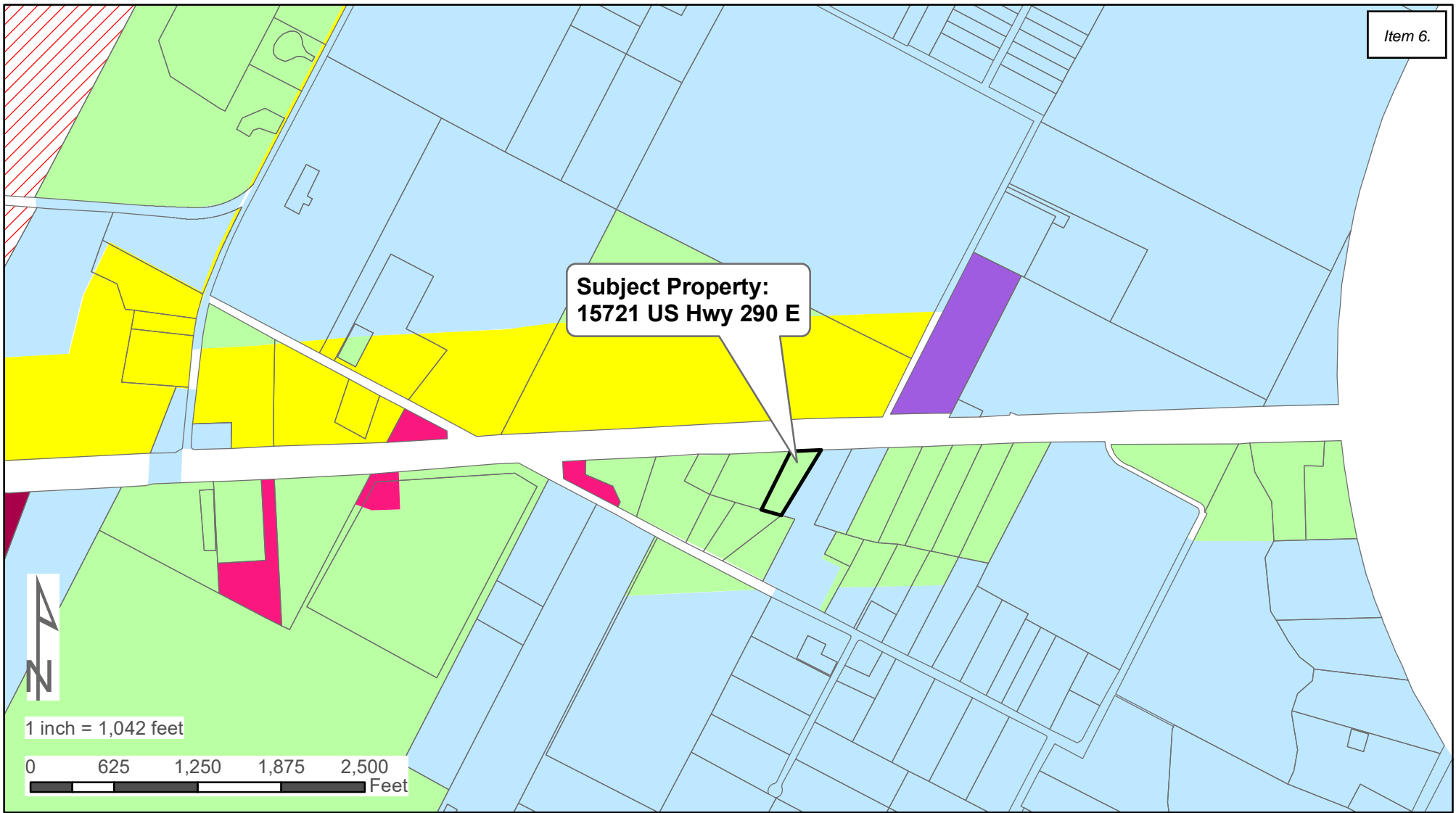
15721 Hwy E 290 is being purchased by The Glass House Inc. for their company location. The business will use the existing home as an office and build a metal building in the back of the property for storage.

Prior to applying for the rezoning, Keepers Land Planning reached out to Scott Dunlop to confirm this zoning was acceptable from the City of Manor's perspective.

Please contact Ricca Keepers with any questions you have at (512) 520-5538.

Thank you,

Ricca Keepers, MUP
Land Planner
Keepers Land Planning



Proposed Zoning: Heavy Commercial (C-3)

*Current Zoning:
Agricultural (A)*

Zone		
■ A - Agricultural	■ MH-1 - Manufactured Home	■ C-3 - Heavy Commercial
■ SF-1 - Single Family Suburban	■ I-1 - Institutional Small	■ NB - Neighborhood Business
■ SF-2 - Single Family Standard	■ I-2 - Institutional Large	■ DB - Downtown Business
■ TF - Two Family	■ GO - General Office	■ IN-1 - Light Industrial
■ MF-1 - Multi-Family 15	■ C-1 - Light Commercial	■ IN-2 - Heavy Industrial
■ MF-2 - Multi-Family 25	■ C-2 - Medium Commercial	▨ PUD - Planned Unit Development
	■ ETJ	



JAMES MERCER JR
15710 VOELKER LANE
ELGIN, TEXAS 78621
(512) 736-8880

APRIL 20, 2021

(VIA FAX) 512 272-8636

Mayor Dr. Larry Wallace Jr. Mayor
Emily Hill Council Member Place 1
Anne Weir Council Member Place 2
Dr. Christopher Harvey Mayor Pro-Tem Place 3
Sonia Wallace Council Member Place 4
Deja Hill Council Member Place 5
Gene Kruppa Council Member Place 6

Re: Rezoning Application Notification-15721 US Hwy 290 E, Manor Texas
78653 (2.13 Acres)

Dear Mayor, Mayor Pro Tem, and Council Members:

As a resident of the Bluebonnet Neighborhood over 27 years. This letter is to express my opposition to the above-referenced rezoning request to change the designated zone type from (Agricultural (A) to Heavy Commercial (C-3). I am aware that several of my neighbors who resided within the subject property are also opposed to this rezoning request.

We faced this similar request July 2018. Nothing in this residential neighborhood has changed since.

We reside in a quiet, peaceful neighborhood. Most of it is agricultural. With the exception of the tire shop across Highway 290. Where there was a suspicious death at this tire shop a few years back.

I am a U S Air Force Veteran, along with several other U S Armed Services individual that reside in Bluebonnet Neighborhood. We have kids riding bikes, and several women whom walk this community.

This property is very low lying. It does not drain properly. Any change will cause flooding to my property and the properties that are in close proximity. Not only property concerns, but someone could be hurt or killed by water that flows out of control.

I urge the Mayor, Mayor Pro-Tem and Council Members to retain the present Agricultural Zoning. We know that others are awaiting your classification change, which will decrease the value of our property and homes.

In addition I have been here 27 years and have seen what water has done to low level property here.

I appreciate the opportunity to present my concerns to you, and hopefully you respectfully reject this rezoning request..

Respectfully Submitted,



James Mercer Jr

April 14, 2021

Item 6.

From: Mr. Brent Wesley Amos
Bluebonnet Neighborhood Association
P.O Box 1034
Manor, Texas 78653

Re: Regarding Zoning Request for a C-3 Heavy Commercial
Rezoning Application at 15721 US 290 E Manor, TX 78652

TO: City of Manor
"Att: Scott Dunlop, AICP"
Manor, Texas 78653

Respectfully request your consideration;

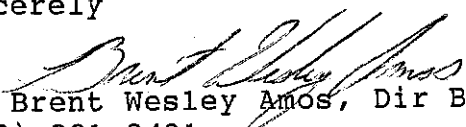
As the Director of the Bluebonnet Neighborhood Association, and the 100% owner of the adjacent 10.139 acre tract located at 15805 290 E Manor, Texas; (and Voelker Lane) the rezoning of this tract from agricultural to immediate C-3 Heavy Commercial is not compatible with the perpetuation of quality of life of the neighboring community; given that flood plain issues along the eastern boundary of this tract has not been addressed in the zoning application

For example; If C-3 Heavy industrial usage has the potential to cause toxic flow of waste; eastward from the site to my land; this owner would be directly affected, and that of the existing livestock, and water source less than 50 feet from this site. In addition; The parking of heavy industrial related trucks and specialized equipment; would pose such a hazard; for this property owner, and that any such potential damage will be addressed in a court of law in Texas.

As an alternative; and in the best interest of all parties; the Bluebonnet Neighborhood Association, (Mr. Brent Wesley Amos, Director) IS NOT IN OPPOSITION TO A REZONING OF THIS PROPERTY TO A C-2 MEDIUM COMMERCIAL USAGE, that would be similar to the existing commercial usage fronting Highway 290 Eastward from Walmart Supercenter towards the new developments; such as grassfield, HT Fitness, and other desirable land usage development for this area.

We just don't need any more eyesores, and potential toxic hazards in our community; which would detract from our quality of life, and diminish our property values. Your thoughtful consideration of the health; safety, and quality of life of the Bluebonnet Community would be greatly appreciated..

Sincerely


Mr. Brent Wesley Amos, Dir Bluebonnet Neighborhood Association .
(512) 281-3421
serenityranch1994@gmail.com



March 29, 2021

RE: Notification for a Rezoning Application at 15721 US Hwy 290 E

Dear Property Owner,

The City of Manor Planning and Zoning Commission and City Council will be conducting regularly scheduled meetings for the purpose of considering and acting upon on a Rezoning Application for 2.13 acres at 15712 US Hwy 290 E, Manor, TX. The request will be posted on the agenda as follows:

Public Hearing: Conduct a public hearing upon a rezoning request for 2.13 acres, more or less, Lot 4, Bluebonnet Business Park, Section One, and being located at 15721 US Hwy 290 E, Manor, TX from Agricultural (A) to Heavy Commercial (C-3).

The Planning and Zoning Commission will meet at 6:30PM on April 14, 2021 at 105 East Eggleston Street in the City Hall Council Chambers**.

The City Council will meet at 7:00PM on April 21, 2021 at 105 East Eggleston Street in the City Hall Council Chambers.

You are being notified because you own property within 300 feet of the property for which this Rezoning Application has been filed.

If you have no interest in the case there is no need for you to attend**. You may address any comments to me at the email address or phone number below. Any communications I receive will be made available to the Commissioners and Council Members during the discussion of this item.

** Due to the declared Public Health Emergency related to COVID-19, at the time of this notification Planning and Zoning Commission meetings are being conducted via video conference and livestreamed on the City's Facebook page (facebook.com/cityofmanor) and the Chambers is closed to the public.

Members of the public that wish to speak during public comments, public hearing or an agenda item will need to register in advance by visiting the link below where registration information will be posted with the agenda for the public meeting. You will register by filling in the speaker card available for that specific meeting and submitting it to publiccomments@cityofmanor.org. Once registered, instructions will be emailed to you on how to join the video conference by calling in. Your Speaker Card must be received two (2) hours prior to scheduled meeting.

You may refer to the posted agendas for the April 14th Planning and Zoning Commission and April 21st City Council to see how the meeting will be conducted, whether via video conference or in-person, or by calling 512-215-8116. Agendas and speaker registration information can be found at the follow link under the date of the meeting: http://www.cityofmanor.org/page/homepage_calendar. Agendas are posted 72 hours prior to the scheduled meeting.

Sincerely,


 Scott Dunlop,
 Assistant Development Director
sdunlop@cityofmanor.org - 512-215-8262

FARMER JERRY R JR
15905 HIGHWAY 290 E
ELGIN, TX 78621-4127

SOSA JOSE G
15700 VOELKER LN
ELGIN, TX 78621-4129

MERCER JAMES WILLIE
15710 VOELKER LN
ELGIN, TX 78621-4129

FARMER LOUISE & CHARLES OMAN
15819 HIGHWAY 290 E
ELGIN, TX 78621-4131

AMOS BRENT W & PATRICIA ANN
SERENITY RANCH
15812 VOELKER LN
ELGIN, TX 78621-4114

AMOS BRENT W & PATRICIA ANN
SERENITY RANCH
15812 VOELKER LN
ELGIN, TX 78621-4114

EDWARDS TOBY M & MARY E
15800 VOELKER LN
ELGIN, TX 78621-4114



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Thomas Bolt, City Manager
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Resolution of the City of Manor, Texas Approving and Authorizing the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2).

BACKGROUND/SUMMARY:

On March 17, 2020, the City Council approved and entered into a the Manor Heights PID Reimbursement Agreement (Improvement Area #1-2) with the Developer to reimburse the Developer for certain public improvements constructed in Improvement Areas #1 and 2. Because home price projections within Improvement Areas #1 and #2 have increased since the Reimbursement Agreement was approved by City Council and as a result the projected revenues to be received from the PID Bonds will be more than originally contemplated, the attached first amendment is presented to you for consideration to authorize the increase in the reimbursement amounts for the public improvements constructed within Improvement Areas #1 and #2.

LEGAL REVIEW: Yes, Completed
FISCAL IMPACT: Not Applicable
PRESENTATION: No
ATTACHMENTS: Yes

- Resolution No. 2021-11
- Exhibit A – First Amendment to Reimbursement Agreement (IA #1-2)

STAFF RECOMMENDATION:

It is the City staff’s recommendation that the City Council approve Resolution No. 2021-22 and authorize the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2).

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

RESOLUTION NO. 2021-11

**A RESOLUTION OF THE CITY OF MANOR, TEXAS APPROVING
AND AUTHORIZING THE FIRST AMENDMENT TO THE MANOR HEIGHTS
PUBLIC IMPROVEMENT DISTRICT REIMBURSEMENT AGREEMENT
(IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2)**

WHEREAS, the City of Manor, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the "PID Act"), authorized the creation of the "Manor Heights Public Improvement District" (the "District") pursuant to Resolution No. 2018-10 adopted by the Manor City Council (the "City Council") on November 7, 2018; and

WHEREAS, on October 7, 2020, the City authorized additional land be included within the District pursuant to Resolution No. 2020-11; and

WHEREAS, the City entered into a Development Agreement with Sky Village Kimbro Estates LLC ("Sky Village") and RHOF, LLC ("RHOF") that stated the intent and expectation of the parties that the City would reimburse Sky Village and RHOF, or their successors in interest, for the costs of the construction of certain public improvements constructed for the benefit of the District; and

WHEREAS, Forestar (USA) Real Estate Group, Inc., a Delaware corporation ("Forestar") is, for the purposes of the Development Agreement, the successor in interest to the obligations and interests of Sky Village and RHOF under the Development Agreement; and

WHEREAS, in connection with the development of the property within the District and the planned issuance of the "City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)" (the "Bonds"), on March 17, 2021, by Resolution No. 2021-02, the City Council approved entering into the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) by and between the City and Forestar (the "Reimbursement Agreement"); and

WHEREAS, home price projections within Improvement Area #1 and Improvement Area #2 have increased since the Reimbursement Agreement was approved by the City Council of Manor, Texas and, as a result, the projected revenues to be received from the PID Bonds will be more than originally contemplated; and

WHEREAS, the City and Forestar now want to amend the Reimbursement Agreement to reflect such increases in projected PID Bond revenue; and

WHEREAS, the City Council intends to approve the forms, term, and/or provisions of the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) by and between the City and Forestar;

WHEREAS, this Resolution and the First Amendment to the Reimbursement Agreement approved by it, are in furtherance of the intentions of the parties to the Development Agreement; and

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

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

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein. Capitalized terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Service and Assessment Plan.

Section 2. Approval of First Amendment to Reimbursement Agreement. The First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) (the "First Amendment to the Reimbursement Agreement"), between the City of Manor, Texas and Forestar, is hereby approved in substantially the form attached hereto as Exhibit A, and the Mayor of the City is hereby authorized and directed to execute and deliver the First Amendment to the Reimbursement Agreement, with such changes as may be required by the Mayor to carry out the purposes of this Resolution, such approval to be evidenced by the execution thereof. The Mayor's signature on the First Amendment to the Reimbursement Agreement may be attested by the City Secretary.

Section 3. Additional Actions. The Mayor, Finance Director, City Manager, and City Secretary of the City are hereby authorized and directed to take all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Resolution. The Mayor, Finance Director, City Manager, and City Secretary of the City are hereby directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in the carrying out of the purposes and intent of this Resolution.

Section 4. Governing Law. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

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

Section 6. Severability. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Resolution would have been enacted without such invalid provision.

Section 7. Construction of Terms. If appropriate in the context of this Resolution, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

[Execution page follows.]

PASSED AND APPROVED on the 5th day of May, 2021.

Dr. Larry Wallace Jr.
Mayor, City of Manor, Texas

ATTEST:

Lluvia T. Almaraz
City Secretary

EXHIBIT A

**FIRST AMENDMENT TO THE MANOR HEIGHTS PUBLIC IMPROVEMENT
DISTRICT REIMBURSEMENT AGREEMENT (IMPROVEMENT AREA #1 AND
IMPROVEMENT AREA #2)**

**FIRST AMENDMENT TO THE
MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
REIMBURSEMENT AGREEMENT
(IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2)**

THIS FIRST AMENDMENT TO THE MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT REIMBURSEMENT AGREEMENT (IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2) (the “**First Amendment**”) is made and entered into as of this ____ day of _____, 2021 (the “**Effective Date**”), by and between the City of Manor, Texas (“**City**”) and Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“**Owner**”) (each individually referred to as a “**Party**” and collectively as the “**Parties**”).

RECITALS

WHEREAS, City and Owner are parties to that certain Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) dated March 26, 2021 (as amended, the “**Reimbursement Agreement**”).

WHEREAS, home price projections within Improvement Area #1 and Improvement Area #2 have increased since the Reimbursement Agreement was approved by the City Council of Manor, Texas and as a result the projected revenues to be received from the PID Bonds will be more than originally contemplated; and

WHEREAS, the City has agreed to increase the Reimbursement Obligations to capture the increased projected revenues.

AMENDMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and in the Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Increase in Reimbursement Obligations.** Notwithstanding anything to the contrary contained in Section 5 of the Reimbursement Agreement, the “**Improvement Area #1 Reimbursement Obligation**” shall be in an amount not to exceed \$3,070,446.00 and the “**Improvement Area #2 Reimbursement Obligation**” shall be in an amount not to exceed \$2,934,554.00.
2. **Findings.** In the event of any conflict between the terms of this First Amendment and the Reimbursement Agreement, this First Amendment shall prevail.
3. **Recitals / Construction.** The foregoing Recitals, including any exhibits referenced therein, are hereby incorporated by reference and made a part of the Agreement for all purposes. Any capitalized terms used in this Agreement unless expressly defined otherwise shall have the meanings given to them in the Agreement. Unless the context specifically indicates otherwise,

any and all references to sections or other enumerated provisions made in this Agreement shall refer to such sections or provisions of the Agreement.

4. No Other Amendments. Except as set forth in this First Amendment, the Reimbursement Agreement shall remain in full force and effect and unamended.

(Signatures on following page)

IN WITNESS WHEREOF the parties have caused this Agreement to be executed as of the Effective Date.

OWNER:
FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the ____ day of _____, 2021 by _____, _____, of FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation, on behalf of said corporation.

Notary Public, State of Texas

(SEAL)

Name printed or typed
Commission Expires: _____

**CITY:
CITY OF MANOR, TEXAS**

By: _____

Name: Dr. Larry Wallace Jr.

Title: Mayor

Date: _____

ATTEST:

By: _____

Lluvia T. Almaraz, City Secretary

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

BEFORE ME, a Notary Public, on this day personally appeared, Dr. Larry Wallace Jr., Mayor of The City of Manor, Texas known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of that municipal corporation.

GIVEN UNDER MY HAND AND SEAL of office this ____ day of _____, 2021.

(SEAL)

Notary Public, State of Texas



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Thomas Bolt, City Manager
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on an Ordinance of the City of Manor, Texas Making a Finding of Special Benefit to the Property in the Manor Heights Public Improvement District; Providing for the Method of Assessment of Special Assessments Against Property in the District; Approving Assessment Rolls for the District; Levying Assessments Against Property Within the District; Providing for Payment of the Assessments; Providing for Penalties and Interest on Delinquent Assessments; Establishing a Lien on Property Within the District; Approving a Service and Assessment Plan; Providing for Related Matters in Accordance with Chapter 372, Texas Local Government Code; Providing an Effective Date; and Providing for Severability.

BACKGROUND/SUMMARY:

On November 7, 2018, the City Council approved the creation of the Manor Heights Public Improvement District (PID) and October 7, 2020, the City Council approved the addition of land to the Manor Heights PID. The attached ordinance is presented to you for consideration for levying assessments on the property located within the Manor Heights PID and approving a Service and Assessment Plan, among other things.

LEGAL REVIEW: Yes, Completed
FISCAL IMPACT: Not Applicable
PRESENTATION: No
ATTACHMENTS: Yes

- Ordinance No. 609
- Exhibit A – Service and Assessment Plan
- Exhibit B – Landowner Agreement

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve Ordinance No. 609 making a Finding of Special Benefit to the Property in the Manor Heights PID; providing for the Method of Assessment of Special Assessments Against Property in the District; Approving Assessment Rolls for the District; Levying Assessments Against Property Within the District; Providing for Payment of the Assessments; Providing for Penalties and Interest on Delinquent Assessments; Establishing a Lien on Property Within the District; Approving a Service and Assessment Plan; and Providing for Related Matters.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

ORDINANCE NO. 609

AN ORDINANCE OF THE CITY OF MANOR, TEXAS MAKING A FINDING OF SPECIAL BENEFIT TO THE PROPERTY IN THE MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT; PROVIDING FOR THE METHOD OF ASSESSMENT OF SPECIAL ASSESSMENTS AGAINST PROPERTY IN THE DISTRICT; APPROVING ASSESSMENT ROLLS FOR THE DISTRICT; LEVYING ASSESSMENTS AGAINST PROPERTY WITHIN THE DISTRICT; PROVIDING FOR PAYMENT OF THE ASSESSMENTS; PROVIDING FOR PENALTIES AND INTEREST ON DELINQUENT ASSESSMENTS; ESTABLISHING A LIEN ON PROPERTY WITHIN THE DISTRICT; APPROVING A SERVICE AND ASSESSMENT PLAN; PROVIDING FOR RELATED MATTERS IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE; PROVIDING AN EFFECTIVE DATE; AND PROVIDING FOR SEVERABILITY

WHEREAS, Sky Village Kimbro Estates, LLC and RHOF, LLC, in accordance with Chapter 372 of the Texas Local Government Code (the “PID Act”), filed a petition (the “Petition”) with the City Secretary on September 10, 2018 requesting that the City authorize the Manor Heights Public Improvement District (the “District”) to be created within the City limits; and

WHEREAS, the Petition contained the signatures of the owners of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then-current ad valorem tax rolls of the Travis Central Appraisal District and the signatures of property owners who own taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, after providing the notices required by the PID Act and by Chapter 551 of the Texas Government Code, (the “Open Meetings Act”), the City Council conducted a public hearing on November 7, 2018, to hear evidence and make findings as to the advisability of the improvements to be constructed for the benefit of the District (the “Authorized Improvements”); the nature of the Authorized Improvements; the estimated cost of the Authorized Improvements, including the administrative costs of establishing and operating the District (the “Actual Costs”); the boundaries of the District; the apportionment of the Actual Costs to be assessed against property in the District, and between the District and the municipality; and the method of assessment; and

WHEREAS, on November 7, 2018, after the closing of the public hearing, the City Council adopted Resolution No. 2018-10 which authorizes the District, and which includes the City Council’s findings as to the advisability of the Authorized Improvements; and

WHEREAS, on November 9, 2018, the City published notice of its authorization of the District in the *Manor Community News*, a newspaper of general circulation in the City and no written protests of the District were filed by any owners of record of property within the District within 20 days after November 9, 2018; and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11 adopted by the City Council on October 7, 2020; and

WHEREAS, Forestar (USA) Real Estate Group, Inc., a Delaware corporation, RHOF, LLC, a Texas limited liability company, and Continental Homes of Texas, L.P., a Texas limited partnership, are the owners of all of the real property that comprises the District (collectively, the “Landowner”), and Forestar (USA) Real Estate Group, Inc. is the developer of the property within the District (the “Developer”); and

WHEREAS, the City Council, on April 21, 2021, adopted Resolution No. 2021-06 approving the Manor Heights Public Improvement District Financing and Reimbursement Agreement with the Developer, and as consented to by RHOF, LLC and Continental Homes of Texas, L.P. (the “Financing Agreement”), and the City Council, in approving the Financing Agreement, did not approve, authorize, or levy any assessments against any of the property within the District; and

WHEREAS, the City Council, on April 21, 2021, adopted Resolution No. 2021-07, which included as an exhibit a draft service and assessment plan of the type described in Sections 372.013 and 372.014 of the Texas Local Government Code, directing the filing of the Assessment Rolls, copies of which are included as exhibits to the attached *Exhibit A* and are incorporated herein, making the Assessment Rolls available for public inspection, and approving the notices published on April 23, 2021 in the *Manor Journal* of a public hearing to be conducted on May 5, 2021 to consider the proposed assessments to be levied against property located in the District (the “Assessments”), and also mailed notice of the same hearing to the property owners; and

WHEREAS, the City Council conducted said hearing at the City Council meeting on May 5, 2021, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or to contest the Assessment Rolls, and each proposed assessment, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the apportionment of the costs of the Authorized Improvements, the purpose of the Assessments, the special benefits accruing to the property within the District due to the Authorized Improvements, and the penalties and interest of annual installments and on delinquent annual installments of the Assessments; and

WHEREAS, there were no written objections or evidence submitted to the City Secretary either before or at the hearing in opposition to the Service and Assessment Plan, the apportionment of the costs of the Authorized Improvements, the Assessment Rolls, or the levy of the Assessments; and

WHEREAS, the apportionment of the Actual Costs to be assessed against the property in the District, as reflected in the Assessment Rolls and in the service and assessment plan, a copy of which is attached hereto as *Exhibit A* and is incorporated herein (the attached service and assessment plan, the “Service and Assessment Plan”), is fair and reasonable and is made on the basis of special benefits accruing to each parcel because of the Authorized Improvements, and results in the imposing of equal shares of the Actual Costs on property that is similarly benefitted, and the apportionment of the Actual Costs between the City and the area to be assessed is based on reasonable classifications and formulas; and

WHEREAS, the Service and Assessment Plan, which has been amended from the draft service and assessment plan attached to Resolution No. 2021-07 approved by the City Council on April 21, 2021, covers a period of at least five years, defines the District’s annual indebtedness and projected Actual Costs, and states provisions relating to due and delinquency dates for the Assessments, interest on Annual Installments, and procedures in connection with the imposition and collection of the Assessments; and

WHEREAS, the owners of 100% of the privately-owned and taxable property located within the District, and who are persons to be assessed pursuant to this Ordinance, executed and presented to the City Council on May 5, 2021, a Landowner Agreement (the “Landowner Agreement”) in which said owners acknowledge, accept, and approve of, without reservation, the Service and Assessment Plan, Assessment Rolls, this Ordinance, and the levy of the Assessments against their property located within the District, and agree to pay the Assessments when due and payable; and

WHEREAS, the City Council finds and determines that the Assessment Rolls, and the Service and Assessment Plan in a form substantially similar to the attached *Exhibit A*, should be approved, that the Landowner Agreement in a form substantially similar to the attached *Exhibit B* should be approved, and that the Assessments should be levied as provided in this Ordinance and the Service and Assessment Plan.

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

Section 1. Findings. The findings and recitations set out in this Ordinance are found to be true and correct and they are hereby adopted by the City Council and made a part hereof for all purposes.

Section 2. Public Hearing. The action of the City Council holding and closing the public hearing in these proceedings is hereby ratified and confirmed.

Section 3. Terms. Terms not otherwise defined herein are defined in the Service and Assessment Plan substantially in the form attached hereto as *Exhibit A* (Service and Assessment Plan).

Section 4. Service and Assessment Plan. The Service and Assessment Plan is hereby approved as the service and assessment plan for the District in substantially the form attached to

this Ordinance and the Mayor, the Mayor Pro Tem, the Finance Director, and the City Manager are hereby authorized to make such non-substantive changes to the Service and Assessment Plan as may be required to give full effect to this Ordinance and to the Service and Assessment Plan attached hereto.

Section 5. Assessment Rolls. The Assessment Rolls, attached as Exhibits F, H and J to the Service and Assessment Plan, are hereby approved as the Assessment Rolls of the District.

Section 6. Levy and Payment of Assessments for Actual Costs of Improvement Projects. (a) The City Council hereby levies an assessment on each tract of property located within the District, except for the Non-Benefited Property, as shown and described on the Service and Assessment Plan and the Assessment Rolls, in the respective amounts shown on the Assessment Rolls. There is further levied and assessed against each tract of property located within the District, except for the Non-Benefited Property, additional annual assessments for the Annual Collection Costs and the Additional Interest, as described in the Service and Assessment Plan, which shall be part of the Assessment and the Annual Installment. The amount of the Annual Installment shall be reviewed and determined annually by the City Council following the City Council's annual review of the Service and Assessment Plan for the District. Pursuant to Section 372.015(d), the amount of assessment for each property owner may be adjusted following the annual review of the Service and Assessment Plan.

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

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

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

(e) Each Assessment may be paid in advance in any amount as provided in subsection 372.018(f) of the PID Act and Section VI.E of the Service and Assessment Plan.

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

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

(h) The Annual Installments for Assessed Properties shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 7. Method of Assessment. The method of apportioning the Actual Costs is set forth in the Service and Assessment Plan.

Section 8. Penalties and Interest on Delinquent Assessments. Delinquent Assessments shall be subject to the penalties, interest, procedures, and foreclosure sales set forth in the Service and Assessment Plan. The Assessments shall have lien priority as specified in the PID Act and the Service and Assessment Plan.

Section 9. Lien Property. (a) As provided in that certain Landowner Agreement between the City and the Landowner, dated May 5, 2021, the City Council and the Landowner intend for the obligations, covenants and burdens on the Landowner of the Assessed Property, including without limitation such Landowner's obligations related to payment of the Assessments and the Annual Installments, to constitute a covenant running with the land. The Assessments and the Annual Installments levied hereby shall be binding upon the Landowner, and their respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. Assessments shall have lien priority as specified in the PID Act and the Service and Assessment Plan.

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

Section 10. Approval of Landowner Agreement. That certain Landowner Agreement (the "Landowner Agreement"), between the City and the Landowner is hereby authorized and approved in the substantially final form attached hereto as *Exhibit B* and incorporated herein as a part hereof for all purposes and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver such Landowner Agreement with such changes as may be required to carry out the purposes of this Ordinance. The Mayor's or Mayor Pro Tem's signature on the Landowner Agreement may be attested by the City Secretary.

Section 11. Appointment of Administrator and Collector of Assessments. (a) P3Works, LLC is hereby appointed and designated as the initial Administrator of the Service and Assessment Plan and of Assessments levied by this Ordinance. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator's fees, charges and expenses for providing such service shall constitute an Annual Collection Cost.

(b) The Finance Director of the City or her designee is hereby appointed as the temporary collector of the Assessments. The Finance Director or her designee shall serve in such capacity until such time as the City shall arrange for the collection duties to be performed by the Travis County Tax Office or any other qualified collection agent selected by the City.

Section 12. Applicability of Tax Code. To the extent not inconsistent with this Ordinance, and not inconsistent with the PID Act or the other laws governing public improvement districts, the provisions of the Texas Tax Code governing enforcement of ad valorem tax liens shall be applicable to the imposition and collection of Assessments by the City, and the Texas Tax Code shall otherwise be applicable to the extent provided by the PID Act.

Section 13. Severability. If any provision of this Ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

Section 14. Effective Date. This Ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the PID Act, and it is accordingly so ordained.

Section 15. Open Meetings. It is hereby officially found and determined that the meeting at which this Ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

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PASSED AND APPROVED on this 5th day of May, 2021.

THE CITY OF MANOR, TEXAS

Dr. Larry Wallace Jr., Mayor

ATTEST:

Lluvia T. Almaraz, City Secretary

EXHIBIT A

**SERVICE AND ASSESSMENT PLAN FOR THE
MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT**

Manor Heights Public Improvement District

SERVICE AND ASSESSMENT PLAN
MAY 5, 2021



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INTRODUCTION

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

On November 7, 2018, the City passed and approved Resolution No. 2018-10 authorizing the creation of the District in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act. On October 7, 2020, the City authorized additional land to be included within the District pursuant to Resolution No. 2020-11. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 602.9 acres located within the City, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**.

The PID Act requires a Service Plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

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

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay its share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F**. The Improvement Area #2 Assessment Roll is included as **Exhibit H**. The Major Improvement Area Assessment Roll is included as **Exhibit J**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

“Additional Interest Rate” means the 0.50% additional interest charged on Assessments securing PID Bonds pursuant to Section 372.018 of the PID Act.

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

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

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

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

“Appraisal District” means Travis Central Appraisal District.

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

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

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment.

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

“Assessment Roll” means one or more assessment rolls for the Assessed Property within the District, as updated, modified or amended from time to time in accordance with the procedures set forth herein, and in the PID Act, including any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included as **Exhibit F**. The Improvement Area #2 Assessment Roll is included as **Exhibit H**. The Major Improvement Area Assessment Roll is included as **Exhibit J**.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act as described in **Section III** and **Exhibit C** and depicted on **Exhibit O**.

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

“City” means the City of Manor, Texas.

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

“County” means Travis County, Texas.

“Delinquent Collection Costs” mean, 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 Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including costs and expenses to foreclose liens.

“Developer” means Forestar (USA) Real Estate Group Inc., and any successor and assigns.

“District” means the Manor Heights Public Improvement District containing approximately 602.9 acres located within the City and shown on **Exhibit B-1** and more specifically described in **Exhibit A-1**.

“District Formation Expenses” means the costs associated with forming the District, including but not limited to 1st year District administration reserves, and any other cost or expense directly associated with the establishment of the District.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

“Improvement Area #1” means approximately 127.37 acres located within the District, as shown on **Exhibit B-2** and more specifically described in **Exhibit A-2**.

“Improvement Area #1-2 Bonds” mean those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)”, that are secured by Improvement Area #1 Assessments and Improvement Area #2 Assessments.

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

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

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

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

“Improvement Area #1 Improvements” mean those Authorized Improvements that only benefit Improvement Area #1, more specifically described in **Section III.B**, and which are to be financed with the proceeds of the Improvement Area #1-2 Bonds.

“Improvement Area #1 Initial Parcel” means all of the area within Improvement Area #1, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-2** and shown on the map on **Exhibit B-2**, consisting of approximately 127.37 acres. Until a plat has been recorded and a Property ID has been assigned by the Appraisal District to each Lot within Improvement Area #1, the Improvement Area #1 Annual Installment will be allocated to each property ID within the Improvement Area #1 Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Improvement Area #1 Projects” mean Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements.

“Improvement Area #2” means approximately 91.81 acres located within the District, as shown on **Exhibit B-3** and more specifically described in **Exhibit A-3**.

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

“Improvement Area #2 Assessed Property” means any Parcel within Improvement Area #2 against which an Improvement Area #2 Assessment is levied.

“Improvement Area #2 Assessment” means an Assessment levied against Improvement Area #2 Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #2 Assessment Roll” means the Assessment Roll for the Improvement Area #2 Assessed Property and included in this Service and Assessment Plan as **Exhibit H**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and

in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #2 Improvements” mean those Authorized Improvements that only benefit Improvement Area #2, and more specifically described in **Section III.C**, and which are to be financed with the proceeds of the Improvement Area #1-2 Bonds.

“Improvement Area #2 Initial Parcel” means all of the area within Improvement Area #2, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-3** and shown on the map on **Exhibit B-3**, consisting of approximately 91.81 acres. Until a plat has been recorded and a Property ID has been assigned by the Appraisal District to each Lot within Improvement Area #2, the Improvement Area #2 Annual Installment will be allocated to each property ID within the Improvement Area #2 Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Improvement Area #2 Projects” mean Improvement Area #2 Improvements and Improvement Area #2’s allocable share of the Major Improvements.

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

“Lot” means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. commercial, light industrial, multi-family, single-family residential, etc.), as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as determined by the Administrator and confirmed and approved by the City Council.

“Lot Type 1” means a Lot within Improvement Area #1 designated as a 50’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Lot Type 2” means a Lot within Improvement Area #2 designated as a 50’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Lot Type 3” means a Lot within Improvement Area #2 designated as a 55’ single-family residential lot by the Owner, as shown on the map attached as **Exhibit N**.

“Major Improvement Area” means approximately 383.102 acres located within the District, as shown on **Exhibit B-4** and more specifically described in **Exhibit A-4**.

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

“Major Improvement Area Assessed Property” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

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

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

“Major Improvement Area Bonds” mean those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project).”

“Major Improvement Area Initial Parcel” means all of the area within Major Improvement Area, other than Non-Benefited Property, as generally described by metes and bounds in **Exhibit A-4** and shown on the map on **Exhibit B-4**, consisting of approximately 383.102 acres. Until a plat has been recorded on a property ID within Major Improvement Area, the Major Improvement Area Annual Installment will be allocated to each property ID within the Major Improvement Area Initial Parcel based on the Travis Central Appraisal District acreage for billing purposes only.

“Major Improvement Area Projects” mean Major Improvement Area’s allocable share of the Major Improvements and District Formation and Bond Issuance Costs.

“Major Improvements” mean the improvements and associated soft costs that benefit the entire District, and are more specifically described in **Section III.A.**

“Maximum Assessment” means, for each Lot within Improvement Area #1 and Improvement Area #2, the amount shown for each Lot Type on **Exhibit M.** The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefited Property at the time the Assessments (1) are levied or (2) are reallocated pursuant to a subdivision of a Parcel that receives no benefit.

“Owner” means either Forestar (USA) Real Estate Group Inc., RHOF, LLC or Continental Homes of Texas, L.P. and any successor and assigns.

“Parcel(s)” means a property within the District, identified by either a tax map identification number assigned by the Travis Central 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 official public records of the County, or by any other means determined by the City.

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

“PID Bonds” mean bonds issued by the City to finance the Actual Costs of the Authorized Improvements including the Improvement Area #1-2 Bonds and the Major Improvement Area Bonds.

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

“Prepayment Costs” mean interest and Annual Collection Costs incurred up to the date of Prepayment.

“Property ID” mean a unique number assigned to each Parcel by the Appraisal District.

“Service and Assessment Plan” means this Service and Assessment Plan as amended, modified and updated from time to time.

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

“Trustee” means a trustee (or successor trustee) under the applicable Indenture.

SECTION II: THE DISTRICT

The District includes approximately 602.9 contiguous acres located within the corporate limits of the City, as more particularly described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**. Development of the District is anticipated to include approximately 1,250 single-family units, 370 condos, 68,999 square feet of office space, 17,250 square feet of restaurant space and 150,935 square feet of retail space.

Improvement Area #1 includes approximately 127.37 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-2** and depicted on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to include approximately 264 single-family units.

Improvement Area #2 includes approximately 91.81 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-3** and depicted on **Exhibit B-3**. Development of Improvement Area #2 is anticipated to include approximately 251 single-family units.

The Major Improvement Area includes approximately 383.102 acres located within the District, as more particularly described by metes and bounds on **Exhibit A-4** and depicted on **Exhibit B-4**. Development of the Major Improvement Area is anticipated to include approximately 735 single-family units, 370 condos, 68,999 square feet of office space, 17,250 square feet of restaurant space and 150,935 square feet of retail space.

SECTION III: AUTHORIZED IMPROVEMENTS

The City Council, based on information provided by the Owner and their engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Major Improvements, the Improvement Area #1 Improvements, the Improvement Area #2 Improvements, and District Formation and Bond Issuance Costs are Authorized Improvements and confer a special benefit on the Assessed Property. The budget for the Authorized Improvements is shown on **Exhibit C**, and a map depicting the Authorized Improvements is shown on **Exhibit O**.

A. Major Improvements

- *Wastewater Treatment Plant Phase 1*

Improvements designed and constructed in accordance with 30 TAC Chapter 217 Rules with a nominal treatment capacity of 200,000 gallons per day.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways part of the MAD4 collector roads. All related earthwork, excavation, erosion control, demolition and paving are included.

- *Kimbrow ROW Acquisition*

Improvements including easements needed for relocating the existing Manville water line conflicting with Old Kimbro Road widening.

- *Soft Costs*

Estimated to be 15% of above-described hard costs, inclusive of a 4% construction management fee.

B. Improvement Area #1 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #1.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

- *Trails*

Improvements include approximately 5' wide crushed granite trails along the proposed public parkland to be dedicated to the City.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #1 Improvements including permits, fees and fiscals.

C. Improvement Area #2 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #2.

- *Wastewater*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #2.

- *Drainage*

Improvements including trench excavation and embedment, trench safety, reinforced concrete pipe, manholes, storm outfalls, storm drain inlets, testing, related earthwork, excavation, erosion control and all other necessary appurtenances required to ensure proper drainage of the public roadways within Improvement Area #2.

- *Roadway*

Improvements including subgrade stabilization (including lime treatment and compaction), concrete and reinforcing steel for roadways, testing, handicapped ramps, and street lights. All related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #2.

- *Soft Costs*

Include costs associated with engineering and design of Improvement Area #2 Improvements including permits, fees and fiscals.

D. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount required to fund a reserve under an applicable Indenture.

- *Capitalized Interest*

Equals the amount of capitalized interest available for payment of interest on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds and includes a fee for underwriter's counsel.

- *Cost of Issuance*

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

E. District Formation Expenses

Costs associated with forming the District, including but not limited to 1st year District administration reserves, and any other cost or expense directly associated with the establishment of the District.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan must be reviewed and updated, at least annually, and approved by the City Council. **Exhibit D** summarizes the Service Plan for the District.

Exhibit E summarizes the sources and uses of funds required to construct the Authorized Improvements and pay the District Formation and Bond Issuance Costs. The sources and uses of funds shown on **Exhibit E** shall be updated each year in the Annual Service Plan Update to reflect any budget revisions and Actual Costs.

SECTION V: ASSESSMENT PLAN

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

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

A. Assessment Methodology

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the Authorized Improvements shall be allocated as follows:

- Major Improvements shall be allocated between the Major Improvement Area, Improvement Area #1, and Improvement Area #2 pro rata based on estimated buildout value, as shown on **Exhibit Q**.
- The Improvement Area #1 Improvements are allocated entirely to the Improvement Area #1 Initial Parcel.
- The Improvement Area #2 Improvements are allocated entirely to the Improvement Area #2 Initial Parcel.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Initial Parcel as shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

Improvement Area #2 Assessments will be levied on the Improvement Area #2 Initial Parcel as shown on the Improvement Area #2 Assessment Roll, attached hereto as **Exhibit H**. The

projected Improvement Area #2 Annual Installments are shown on **Exhibit I**, subject to revisions made during any Annual Service Plan Update.

Major Improvement Area Assessments will be levied on the Major Improvement Area Initial Parcel as shown on the Major Improvement Area Assessment Roll, attached hereto as **Exhibit J**. The projected Major Improvement Area Annual Installments are shown on **Exhibit K**, subject to revisions made during any Annual Service Plan Update.

Upon subdivisions of the Improvement Area #1 Initial Parcel or the Improvement Area #2 Initial Parcel by final plat, the Maximum Assessment for each Lot Type is shown on **Exhibit M**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

- *Improvement Area #1*
 1. The costs of Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs equal \$8,625,681, as shown on **Exhibit C**; and
 2. The Improvement Area #1 Assessed Property receives special benefit from Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs; and
 3. The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied on the Improvement Area #1 Initial Parcel for Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs, which equal \$3,070,446, as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**; and
 4. The special benefit (\geq \$8,625,681) received by the Improvement Area #1 Assessed Property from Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #1 Assessments (\$3,070,446) levied on the Improvement Area #1 Initial Parcel; and
 5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Owner owned 100% of the Improvement Area #1 Assessed Property. The Owner acknowledged that Improvement Area #1 Projects and District Formation Expenses and Bond Issuance Costs confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for Improvement Area #1

Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Initial Parcel.

- *Improvement Area #2*

1. The costs of Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs equal \$10,446,878, as shown on **Exhibit C**; and
2. The Improvement Area #2 Assessed Property receives special benefit from Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs; and
3. The Improvement Area #2 Assessed Property will be allocated 100% of the Improvement Area #2 Assessments levied on the Improvement Area #2 Initial Parcel for Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs, which equal \$2,934,554, as shown on the Improvement Area #2 Assessment Roll attached hereto as **Exhibit H**; and
4. The special benefit (\geq \$10,446,878) received by the Improvement Area #2 Assessed Property from Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Improvement Area #2 Assessments (\$2,934,554) levied on the Improvement Area #2 Initial Parcel; and
5. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #2 Assessments, the Owner owned 100% of the Improvement Area #2 Assessed Property. The Owner acknowledged that Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs confer a special benefit on the Improvement Area #2 Assessed Property and consented to the imposition of the Improvement Area #2 Assessments to pay for Improvement Area #2 Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Improvement Area #2 Assessments on the Improvement Area #2 Initial Parcel.

- *Major Improvement Area*

1. The costs of the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs equal \$8,310,589, as shown on **Exhibit C**; and
2. The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Projects and District Formation Expenses and Bond Issuance Costs equal to or greater than the Actual Costs of the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs; and
3. The Major Improvement Area Assessed Property will be allocated 100% of the Major Improvement Area Assessments levied on the Major Improvement Area Initial Parcel for the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs, which equal \$7,090,000, as shown on the Major Improvement Area Assessment Roll attached hereto as **Exhibit J**; and
4. The special benefit (\geq \$8,310,589) received by the Major Improvement Area Assessed Property from the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs is equal to or greater than the amount of the Major Improvement Area Assessments (\$7,090,000) levied on the Major Improvement Area Initial Parcel; and
5. At the time the City Council approved the Assessment Ordinance levying the Major Improvement Area Assessments, the Owner owned 100% of the Major Improvement Area Assessed Property. The Owner acknowledged that the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs confers a special benefit on the Major Improvement Area Assessed Property and consented to the imposition of the Major Improvement Area Assessments to pay for the Major Improvement Area Projects and District Formation Expenses and Bond Issuance Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment Ordinance, and (3) the levying of the Major Improvement Area Assessments on the Major Improvement Area Initial Parcel.

D. Annual Collection Costs

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

E. Additional Interest

The interest rate on Assessments levied on the Assessed Property to pay the PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Interest at the rate of the PID Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in an update to this Service and Assessment Plan approved by the City Council.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat and a Property ID has been assigned by the Appraisal District, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Owner 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 average buildout value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Owner, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

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

3. Upon Consolidation

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

B. True-Up of Assessments if Maximum Assessment Exceeded

Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the Owner must partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat

without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Assessments.

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessment, the owner transferring the Assessed Property shall pay to the Administrator the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the Assessment, plus Prepayment Costs and Delinquent Collection Costs, prior to the change in status.

D. Reduction of Assessments

If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Properties equals the reduced Actual Costs. Excess PID Bond proceeds shall be applied to redeem outstanding PID Bonds. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

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

E. Prepayment of Assessments

The owner of the Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Termination," a form of which is attached hereto as **Exhibit P**.

If an Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the prepayment made.

F. Prepayment as a Result of Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property) (the **“Remaining Property”**), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of prepayment, with any remainder credited against the assessment on the Remaining Property.

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall

be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

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

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

G. Payment of Assessment in Annual Installments

Exhibit G shows the projected Improvement Area #1 Annual Installments. **Exhibit I** shows the projected Improvement Area #2 Annual Installments. **Exhibit K** shows the projected Major Improvement Area Annual Installments. **Exhibit L-1** shows the projected Annual Installments for Lot Type 1. **Exhibit L-2** shows the projected Annual Installments for Lot Type 2. **Exhibit L-3** shows the projected Annual Installments for Lot Type 3.

Assessments that are not paid in full shall be due and payable in Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update. Until a plat has been recorded on a Parcel and a Property ID has been assigned by the Appraisal District within Improvement Area #1, Improvement Area #2, or the Major Improvement Area, the Annual Installment will be allocated to each Property ID within the Improvement Area #1 Initial Parcel, Improvement Area #2 Initial Parcel and Major Improvement Area Initial Parcel, respectively, based on the Travis Central Appraisal District acreage for billing purposes only.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated equally among Parcels for which the Assessments remain unpaid. Annual Installments shall be collected in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties,

procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

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

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

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments shall be due when billed and shall be delinquent if not paid prior to February 1, 2022.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel within the Improvement Area #1 Assessed Property as part of each Annual Service Plan Update.

The Improvement Area #2 Assessment Roll is attached as **Exhibit H**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #2 Assessment Roll and Improvement Area #2 Annual Installments for each Parcel within the Improvement Area #2 Assessed Property as part of each Annual Service Plan Update.

The Major Improvement Area Assessment Roll is attached as **Exhibit J**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Major Improvement Area Assessment Roll and Major Improvement Area Annual Installments for each Parcel within the Major Improvement Area Assessed Property as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

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

B. Amendments

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

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided at a meeting of the City Council during which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

D. Severability

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

LIST OF EXHIBITS

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit A-3	Improvement Area #2 Legal Description
Exhibit A-4	Major Improvement Area Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 Boundary Map
Exhibit B-3	Improvement Area #2 Boundary Map
Exhibit B-4	Major Improvement Area Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan
Exhibit E	Sources and Uses
Exhibit F	Improvement Area #1 Assessment Roll
Exhibit G	Improvement Area #1 Annual Installments
Exhibit H	Improvement Area #2 Assessment Roll
Exhibit I	Improvement Area #2 Annual Installments
Exhibit J	Major Improvement Area Assessment Roll
Exhibit K	Major Improvement Area Annual Installments
Exhibit L-1	Lot Type 1 Annual Installments
Exhibit L-2	Lot Type 2 Annual Installments
Exhibit L-3	Lot Type 3 Annual Installments
Exhibit M	Maximum Assessment Per Lot Type
Exhibit N	Lot Type Classification Map
Exhibit O	Map of Authorized Improvements
Exhibit P	Notice of PID Assessment Termination
Exhibit Q	Estimated Buildout Value for Major Improvement Area, Improvement Area #1, and Improvement Area #2
Exhibit R	Improvement Area #1-2 Bond Debt Service Schedule
Exhibit S	Major Improvement Area Bond Debt Service Schedule

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

Exhibit A The Property

90.089 ACRES OUT OF THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE TRACTS OF LAND CONVEYED TO RHOF, LLC, A TEXAS LIMITED LIABILITY COMPANY, PER DEED RECORDED AS DOCUMENT NO.2017194263 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

44.0347 ACRES OF LAND LOCATED IN THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN CALLED 180.83 ACRES OF LAND CONVEYED TO ALMA JUANITA MEIER, AS DESCRIBED IN VOLUME 11376, PAGE 676, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

267.972 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456 AND THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE SAME 267.972 ACRE TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS DESCRIBED IN DOCUMENT NUMBER 2016214460, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

(35.626 AC) LOT 2, J.F. NAGLE ESTATES, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN DOCUMENT NO. 199900207, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, TOGETHER WITH A NON-EXCLUSIVE 60 FOOT WIDE ACCESS AND PUBLIC UTILITY EASEMENT AS CREATED AND MORE PARTICULARLY DESCRIBED IN THAT DECLARATION OF ACCESS AND PUBLIC UTILITY EASEMENT RECORDED IN DOCUMENT NO. 1999058184, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, BEING THE SAME 35.626 ACRES CONYVED TO SKY VILLAGE KIMBRO ESTATES, LLC, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

3.469 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS RECORDED IN 2017157471 OF THE OFFICIAL RECORDS OF TRAVIS COUNTY, TEXAS

157.9603 ACRES OUT OF THE A.C. CALDWELL SURVEY NO.52, ABSTRACT 154 AND THE LEMUEL KIMBRO SURVEY NO.64, ABSTRACT 456, AND BEING THE TRACTS OF LAND CONVEYED TO KIMBRO ROAD ESTATES, LP PER DEED RECORDED AS DOCUMENT NO.201780865 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

**A METES AND BOUNDS
DESCRIPTION OF A
3.700 ACRE RIGHT-OF-WAY OF LAND**

BEING a 3.700 acre (161,158 square feet) tract of land situated in the A.C. Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas; and being a portion of Old Kimbro Road (80 feet wide); and being more particularly described as follows:

COMMENCING, at a 1/2-inch iron rod with a plastic cap stamped "KHA" found on the southerly right-of-way line of said Old Kimbro Road marking the northwest corner of a called 51.533 acre tract of land described in instrument to Chau Dinh and Kim Pham recorded in Document No. 2014139510 of the Official Public Records of Travis County, same being the northeast corner of a called 90.0886 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017194263 of the Official Public Records of Travis County;

THENCE, North 85°48'57" West, 846.55 feet, along the southerly right-of-way line of Old Kimbro Road and the north line of said 90.0886 acre tract to the **POINT OF BEGINNING** of the herein described tract;

THENCE, continuing along the southerly right-of-way of said Old Kimbro Road and along the north line of said 90.0886 acre tract the following two (2) courses and distances:

1. North 85°48'57" West, 1629.02 feet to an iron rod with plastic cap stamped "KHA" found for a point of curvature;
2. in a southwesterly direction, along a tangent curve to the left, a central angle of 43°49'58", a radius of 533.10 feet, a chord bearing and distance of South 72°20'04" West, 397.96 feet, and a total arc length of 407.84 feet to a point for corner;

THENCE, departing the north line of said 90.0886 acre tract and crossing said Old Kimbro Road the following two (2) courses and distances:

1. North 40°17'42" West, 46.07 feet to a point for corner;
2. North 61°40'04" West, 35.46 feet to a 5/8-iron rod found on the northerly right-of-way line of said Old Kimbro Road marking the southwest corner of a called 157.9603 acre tract of land described in instrument to RHOF, LLC recorded in Document No. 2017180865 of the Official Public Records of Travis County;

THENCE, along the northerly right-of-way line of said Old Kimbro Road and along the south line of said 157.9603 acre tract the following three (3) courses and distances:

1. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 36°32'19", a radius of 613.14 feet, a chord bearing and distance of North 68°23'46" East, 384.42 feet, and a total arc length of 391.01 feet to a 1/2-iron rod found for a point for corner;
2. in a northeasterly direction, along a non-tangent curve to the right, a central angle of 7°10'29", a radius of 1407.07 feet, a chord bearing and distance of South 89°23'14" East, 176.08 feet, and a total arc length of 176.20 feet to a concrete monument found for a point of tangency;
3. South 85°54'35" East, 1541.16 feet to a point for corner;

THENCE, South 4°11'03" West, 80.00 feet departing the south line of said 157.9603 acre tract and crossing said Old Kimbro Road to the **POINT OF BEGINNING**, and containing 3.700 acres of right-of-way in Travis County, Texas. The basis of bearing for this description is the Texas State Plane Coordinate System Grid, Central Zone (FIPS 4203) (NAD'83). All distances are on the surface and shown in U.S. Survey Feet. To convert grid distances to grid, apply the combined SURFACE to GRID scale factor of 0.99992097045. This document was prepared in the office of Kimley-Horn and Associates, Inc. in San Antonio, Texas.

ABEL P. STENDAHL
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 6754
601 NW LOOP 410, SUITE 350
SAN ANTONIO, TEXAS 78216
PH. 210-541-9166
abel.stendahl@kimley-horn.com



**EXHIBIT OF A 3.700 ACRE
RIGHT-OF-WAY
TO BE RELEASED**
A.A. CALDWELL SURVEY NO.52,
ABSTRACT NO. 154
TRAVIS COUNTY, TEXAS

Kimley»Horn
601 NW Loop 410, Suite 350 San Antonio, Texas 78216 FIRM # 10193973 Tel. No. (210) 541-9166 www.kimley-horn.com

Scale	Drawn by	Checked by	Date	Project No.	Sheet No.
N/A	DJG	APS	9/3/2020	069255703	1 OF 2

STENDAHL, ABEL 9/3/2020 10:57 AM K:\SNA_SURVEY\MANOR HEIGHTS DEVELOPMENT\069255703-MANOR HTS PHASE 2\DWG\EXHIBITS\3.700AC RIGHT OF WAY RELEASE.DWG

EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

Being 127.37 acres of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, and being all of that 110.524 acre tract of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, described in the Manor Heights South Phase 1 Section 1 Final Plat, recorded in Document No. 202100001 Official Public Records of Travis County, and being a portion of that certain 267.942 acre tract of land located in the A.C Caldwell Survey No. 52, Abstract No. 154, City of Manor, Travis County, Texas, conveyed to Forestar (USA) Real Estate Group Inc., as described in Document No. 2019171724, corrected in Document No. 2019176020, Official Public Records of Travis County, Texas.

EXHIBIT A-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION

Being 91.81 acres of land located in the A.C Caldwell Survey No.52, Abstract No.154, and the Lemuel Kimbro Survey No.64, Abstract No.456, City of Manor, Travis County Texas, and being portion of that certain tract or parcel of land containing 90.089 acres located in the A.C. Caldwell Survey No.52 , Abstract No. 154, described in instrument to Forestar (USA) Real Estate Group Inc., recorded in Document No.2019171725, corrected in Document No.2019176021 Official Public Records of Travis County, and being a portion of that certain 157.9603 acre tract of land located in the A.C Caldwell Survey No.52, Abstract No.154, and the Lemuel Kimbro Survey No.64, Abstract No.456, City of Manor, Travis County Texas, described in instrument to Forestar (USA) Real Estate Group Inc., recorded in Document No.2019171725, corrected in Document No.2019176021 Official Public Records of Travis County , and a portion of that certain tract or parcel of land containing 3.7 acres situated in the A.C. Caldwell Survey No.52, Abstract 154, City of Manor, Travis County, Texas Conveyed to Forestar (USA) Real Estate Group Inc., as described in document 2021052193, official public records of Travis County, Texas.

EXHIBIT A-4 – MAJOR IMPROVEMENT AREA LEGAL DESCRIPTION

383.102 Acres Being Portions of a called 267.972 acre Tract of land Recorded in document No.2016214460, Official Public Records of Travis County, 157.9603 Acre Tract Recorded in document No.201718086, Official Public Records of Travis County, A called 90.0886 Acre Tract Recorded in Documents No.2017194263, Official Public Records of Travis County, and a portion of Old Kimbro Road A.C. Caldwell Survey No. 52, Abstract No 154 City of Manor, Travis County, Texas

EXHIBIT B-1 – DISTRICT BOUNDARY MAP

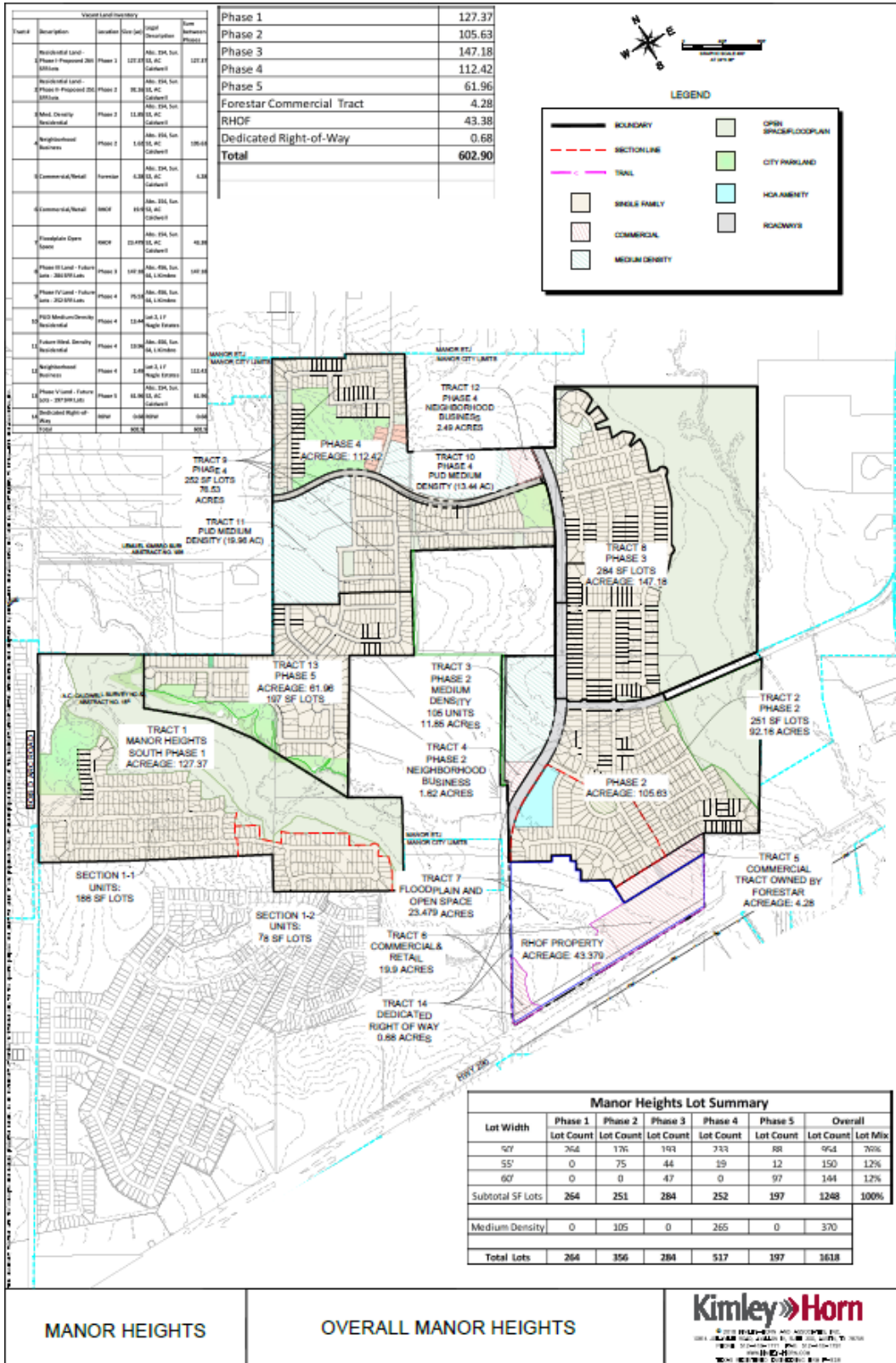
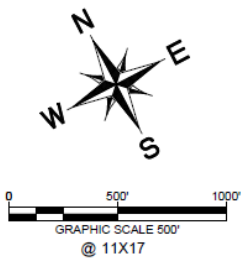





EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP

LEGEND



0 500' 1000'
GRAPHIC SCALE 500'
@ 11X17

	BOUNDARY
	IA #1
	TAX PARCEL BOUNDARY

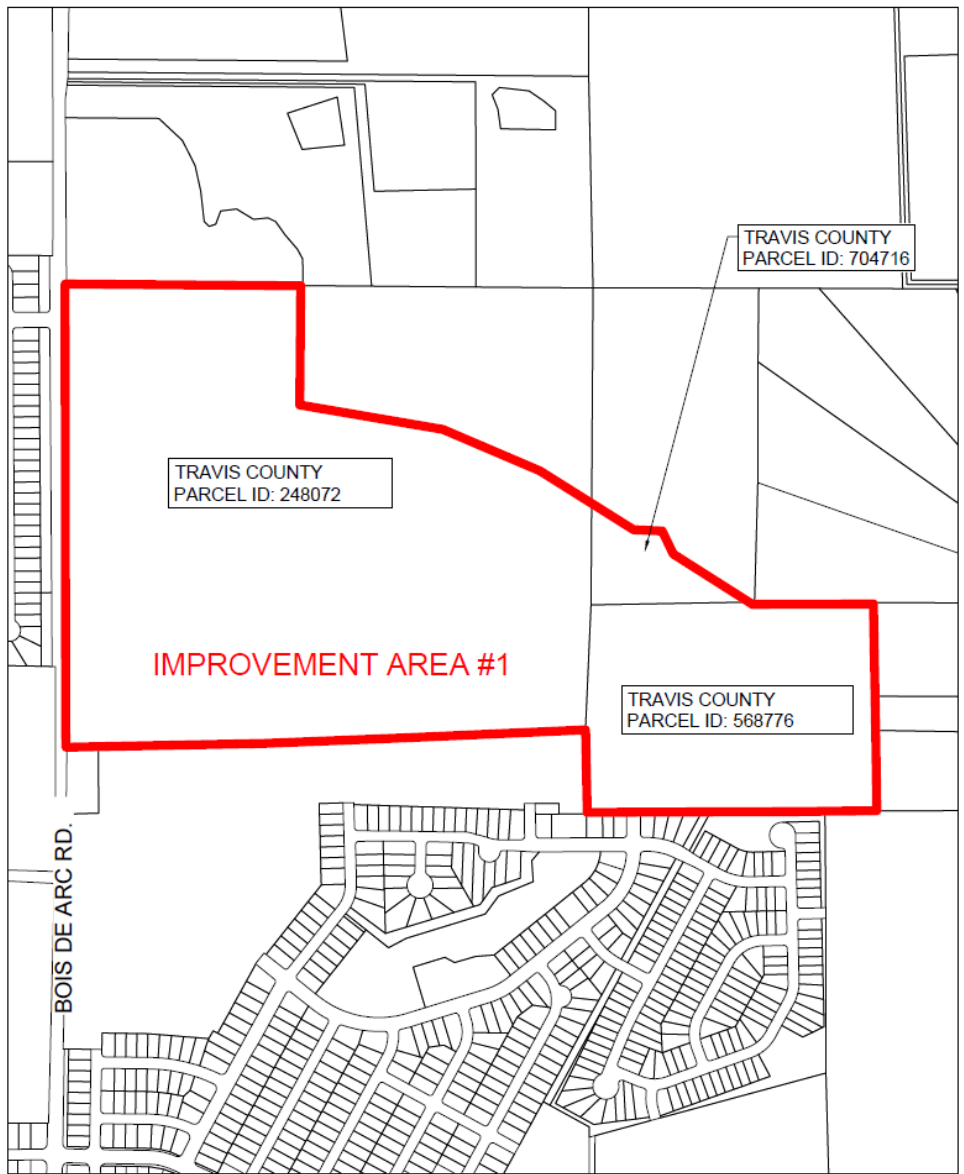


EXHIBIT F - IMPROVEMENT AREA #1
MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn
10814 Jollyville
Building 4, Suite 200
Austin, Texas 78758
912-718-1771
State of Texas Registration No. F-4028
www.kimleyhorn.com

EXHIBIT B-3 – IMPROVEMENT AREA #2 BOUNDARY MAP

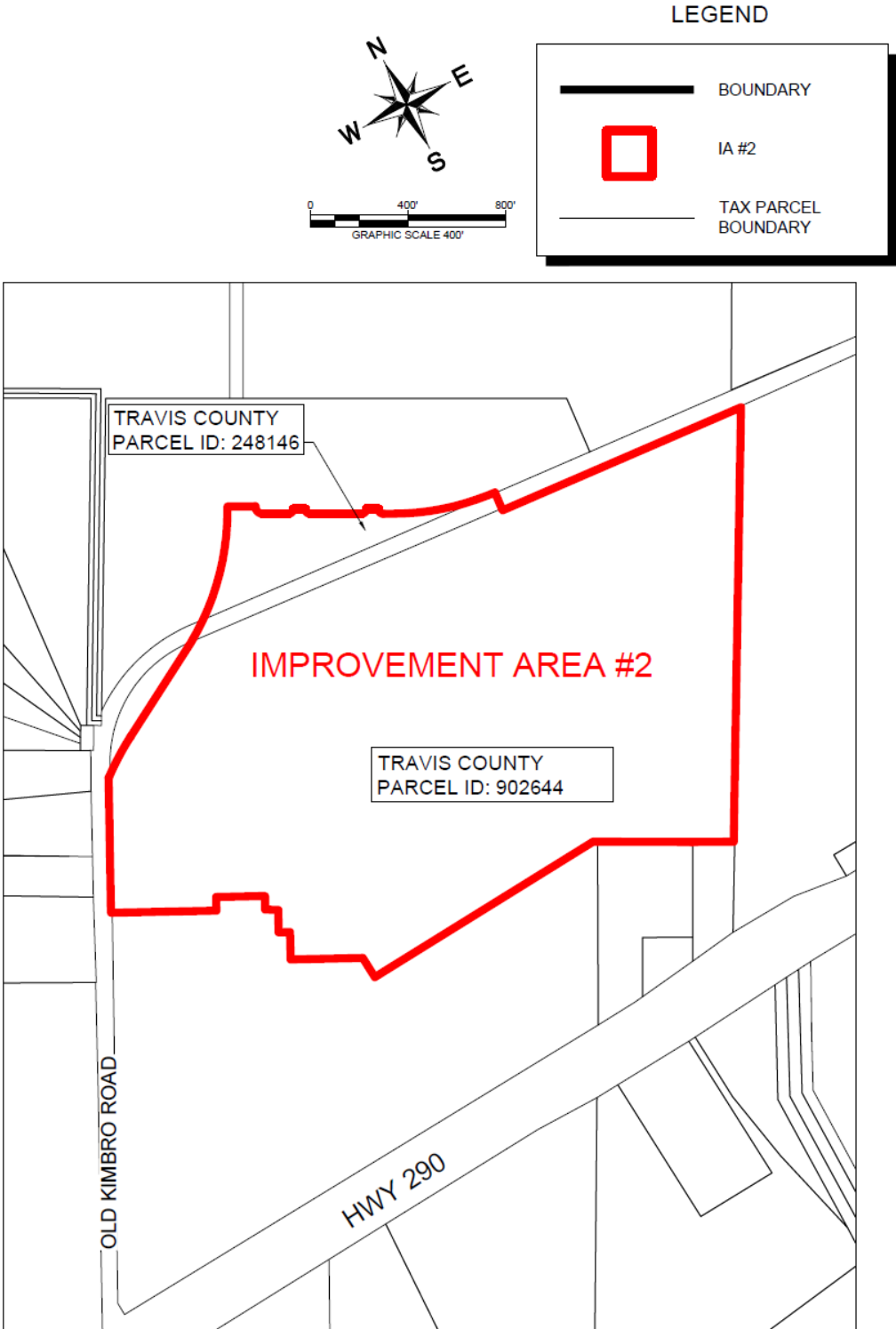


EXHIBIT H - IMPROVEMENT AREA #2

MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn
12014 Lakeside
Building 4, Suite 200
Austin, Texas 78750
512-718-1771
State of Texas Registration No. F-4228
www.kimleyhorn.com

EXHIBIT B-4 – MAJOR IMPROVEMENT AREA BOUNDARY MAP

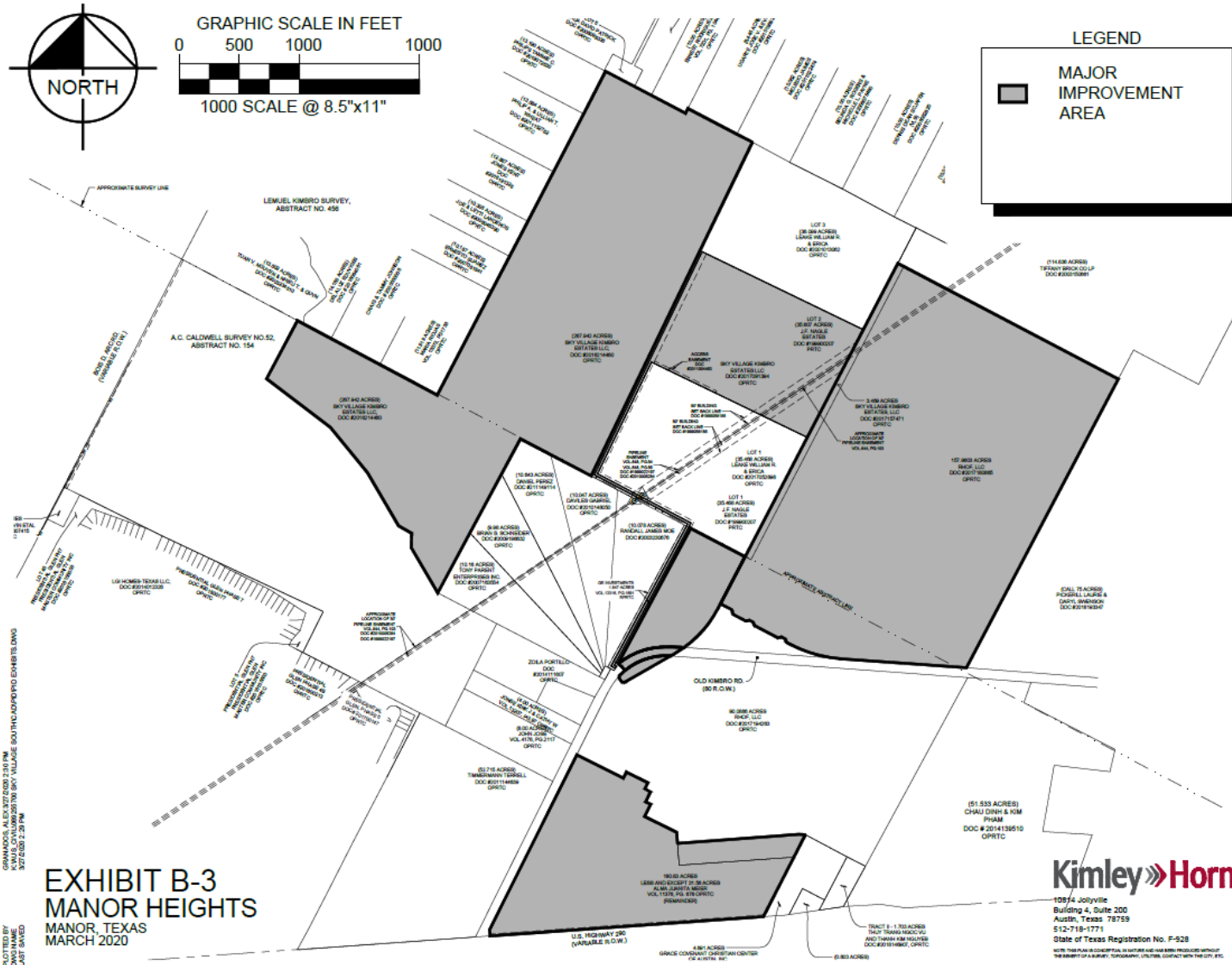


EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs	Improvement Area #1 [a]	Improvement Area #2 [a]	Major Improvement Area [b]
<i>Major Improvements</i>				
Wastewater Treatment Plant Phase 1	\$ 5,119,898	\$ 799,087	\$ 763,720	\$ 3,557,091
Roadway	3,115,626	486,270	464,749	2,164,607
Kimbro ROW Acquisition	47,348	7,390	7,063	32,895
Soft Costs [c]	1,242,431	193,912	185,330	863,189
	\$ 9,525,302	\$ 1,486,659	\$ 1,420,862	\$ 6,617,781
<i>Improvement Area #1 Improvements</i>				
Water	\$ 877,624	\$ 877,624	\$ -	\$ -
Wastewater	761,450	761,450	-	-
Drainage	1,147,364	1,147,364	-	-
Roadway	3,462,805	3,462,805	-	-
Trails	59,850	59,850	-	-
Soft Costs	163,600	163,600	-	-
	\$ 6,472,693	\$ 6,472,693	\$ -	\$ -
<i>Improvement Area #2 Improvements</i>				
Water	\$ 895,023	\$ -	\$ 895,023	\$ -
Wastewater	1,119,316.00	-	1,119,316	-
Drainage	1,164,737.00	-	1,164,737	-
Roadway	4,889,701.55	-	4,889,702	-
Trails	-	-	-	-
Soft Costs	320,400.00	-	320,400	-
	\$ 8,389,178	\$ -	\$ 8,389,178	\$ -
<i>Bond Issuance Costs and District Formation Expenses</i>				
Debt Service Reserve Fund [d]	\$ 882,950	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest [d]	874,475	179,621	171,671	523,183
Underwriter Discount [d]	392,850	92,113	88,037	212,700
Cost of Issuance [d]	785,700	184,227	176,073	425,400
First Year Annual Collection Costs [d]	60,000	15,339	14,661	30,000
	\$ 2,995,975	\$ 666,329	\$ 636,838	\$ 1,692,808
Total	\$ 27,383,147	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

Notes:

[a] Costs were determined by construction contracts provided by Kimley-Horn and Associates dated 1/8/2021.

[b] Costs were determined by Excel Construction Services bid for Wastewater Treatment Plant Phase 1 Improvements dated 11/9/2020 and construction contract provided by Kimley-Horn and Associates dated 1/8/2021 for Roadways Improvements.

[c] Soft costs estimated at 15% of hard costs, inclusive of a 4% construction management fee.

[d] Costs associated with the issuance of Improvement Area #1 bonds were allocated between Improvement Area # 1 and Improvement Area #2 on a pro rata basis based on the amount of Assessments levied.

EXHIBIT D – SERVICE PLAN

Improvement Area #1						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 53,688	\$ 56,245	\$ 58,801
Interest		41,451	138,170	138,170	135,754	133,223
Capitalized Interest		(41,451)	(138,170)	-	-	-
	(1)	\$ -	\$ -	\$ 191,858	\$ 191,999	\$ 192,024
Annual Collection Costs	(2)	\$ -	\$ 15,646	\$ 15,959	\$ 16,278	\$ 16,604
Additional Interest Reserve	(3)	\$ -	\$ 15,352	\$ 15,352	\$ 15,084	\$ 14,803
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 30,998	\$ 223,170	\$ 223,361	\$ 223,431

Improvement Area #2						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 51,312	\$ 53,755	\$ 56,199
Interest		39,616	132,055	132,055	129,746	127,327
Capitalized Interest		(39,616)	(132,055)	-	-	-
	(1)	\$ -	\$ -	\$ 183,367	\$ 183,501	\$ 183,526
Annual Collection Costs	(2)	\$ -	\$ 14,954	\$ 15,253	\$ 15,558	\$ 15,869
Additional Interest Reserve	(3)	\$ -	\$ 14,673	\$ 14,673	\$ 14,416	\$ 14,147
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 29,627	\$ 213,292	\$ 213,475	\$ 213,542

Major Improvement Area						
Installments Due		1/31/2021	1/31/2022	1/31/2023	1/31/2024	1/31/2025
Principal		\$ -	\$ -	\$ 105,000	\$ 110,000	\$ 115,000
Interest		133,233	389,950	389,950	384,175	378,125
Capitalized Interest		(133,233)	(389,950)	-	-	-
	(1)	\$ -	\$ -	\$ 494,950	\$ 494,175	\$ 493,125
Annual Collection Costs	(2)	\$ -	\$ 30,600	\$ 31,212	\$ 31,836	\$ 32,473
Additional Interest Reserve	(3)	\$ -	\$ 35,450	\$ 35,450	\$ 34,925	\$ 34,375
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 66,050	\$ 561,612	\$ 560,936	\$ 559,973

EXHIBIT E – SOURCES AND USES

	Improvement Area #1	Improvement Area #2	Major Improvement Area
Sources of Funds			
Improvement Area #1-2 Bond Par	\$ 3,070,446	\$ 2,934,554	\$ -
Major Improvement Area Bond Par	-	-	7,090,000
Owner Contribution	5,555,234	7,512,324	1,220,589
Total Sources	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589
Uses of Funds			
Major Improvements	\$ 1,486,659	\$ 1,420,862	\$ 6,617,781
Improvement Area #1 Improvements	6,472,693	-	-
Improvement Area #2 Improvements	-	8,389,178	-
	<u>\$ 7,959,352</u>	<u>\$ 9,810,039</u>	<u>\$ 6,617,781</u>
<i>Bond Issuance Costs and District Formation Expenses</i>			
Debt Service Reserve Fund	\$ 195,028	\$ 186,397	\$ 501,525
Capitalized Interest	179,621	171,671	523,183
Underwriter Discount	92,113	88,037	212,700
Cost of Issuance	184,227	176,073	425,400
First Year Annual Collection Costs	15,339	14,661	30,000
	<u>\$ 666,329</u>	<u>\$ 636,838</u>	<u>\$ 1,692,808</u>
Total Uses	\$ 8,625,681	\$ 10,446,878	\$ 8,310,589

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block A, Lot 1	Open Space	\$ -	\$ -
	Manor Heights - Phase 1, Section 1	Block A, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 33	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 35	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 36	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 37	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 38	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 39	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 40	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 1	Block A, Lot 41	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 42	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 43	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 44	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 45	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 46	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 47	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 48	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 49	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 50	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 51	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 52	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 53	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 54	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 55	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 56	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 57	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 58	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 59	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 60	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 61	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 62	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 63	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 64	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 65	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 66	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 67	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 68	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 69	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 70	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 71	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 72	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 73	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 74	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 75	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 76	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 77	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 78	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 79	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 80	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block A, Lot 81	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 82	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 83	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 84	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 85	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 86	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 87	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 88	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block A, Lot 89	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 90	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 91	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 92	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block A, Lot 93	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 94	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 95	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 96	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block A, Lot 97	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block A, Lot 98	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block A, Lot 99	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block A, Lot 100	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block B, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block B, Lot 20	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block B, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 26	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block B, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 29	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 30	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 31	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 32	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 33	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block B, Lot 34	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 1	Open Space	-	-
	Manor Heights - Phase 1, Section 1	Block C, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block C, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 5	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
	Manor Heights - Phase 1, Section 2	Block C, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 11	Open Space	-	-
	Manor Heights - Phase 1, Section 2	Block C, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 17	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 18	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 19	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 20	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 21	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 22	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 23	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 24	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 25	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 26	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 27	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 2	Block C, Lot 28	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 1	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 2	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 3	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 4	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 5	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 6	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 7	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 8	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 9	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 10	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 11	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 12	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 13	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 14	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 15	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 16	1	11,630.48	117.42
	Manor Heights - Phase 1, Section 1	Block D, Lot 17	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
Manor Heights - Phase 1, Section 1		Block D, Lot 18	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 19	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 20	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 21	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 22	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 23	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block D, Lot 24	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 1	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 2	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 3	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 4	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 5	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 6	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 7	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 8	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 9	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 10	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 11	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 12	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 13	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 14	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 15	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 16	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 17	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 18	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 19	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 20	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 21	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 22	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 23	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 24	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 25	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 26	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 27	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 28	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 29	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 30	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 31	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 32	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block E, Lot 33	1	11,630.48	117.42

Property ID	Plat	Lot & Block	Lot Type	Improvement Area #1	
				Outstanding Assessment	Annual Installment Due 1/31/2022
Manor Heights - Phase 1, Section 1		Block E, Lot 34	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 1	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 2	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 3	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 4	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 5	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 6	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 7	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 8	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 9	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 10	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 11	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 12	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 13	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 14	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 15	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 16	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 17	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 18	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 19	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 20	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 21	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 22	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 23	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 24	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 25	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 26	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 27	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 28	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 29	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 30	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 31	1	11,630.48	117.42
Manor Heights - Phase 1, Section 1		Block F, Lot 32	1	11,630.48	117.42
Total				\$ 3,070,446.48	\$ 30,998.47

Note: For billing purposes only, until a plat has been recorded within the Improvement Area #1 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #1 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT G – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 41,451.03	\$ -	\$ -	\$ (41,451.03)	\$ -
2022	-	138,170.09	15,646.24	15,352.23	(138,170.09)	30,998.47
2023	53,688.07	138,170.09	15,959.16	15,352.23	-	223,169.56
2024	56,244.65	135,754.13	16,278.35	15,083.79	-	223,360.92
2025	58,801.22	133,223.12	16,603.91	14,802.57	-	223,430.82
2026	61,357.80	130,577.06	16,935.99	14,508.56	-	223,379.42
2027	63,914.37	127,815.96	17,274.71	14,201.77	-	223,206.82
2028	66,470.95	124,939.82	17,620.21	13,882.20	-	222,913.17
2029	69,027.52	121,948.62	17,972.61	13,549.85	-	222,498.60
2030	71,584.10	118,842.39	18,332.06	13,204.71	-	221,963.25
2031	76,697.25	115,621.10	18,698.70	12,846.79	-	223,863.84
2032	79,253.82	112,169.72	19,072.68	12,463.30	-	222,959.53
2033	81,810.40	108,603.30	19,454.13	12,067.03	-	221,934.86
2034	86,923.55	104,921.83	19,843.21	11,657.98	-	223,346.58
2035	89,480.12	101,010.28	20,240.08	11,223.36	-	221,953.84
2036	94,593.27	96,983.67	20,644.88	10,775.96	-	222,997.78
2037	99,706.42	92,726.97	21,057.78	10,303.00	-	223,794.17
2038	102,263.00	88,240.18	21,478.93	9,804.46	-	221,786.58
2039	107,376.15	83,638.35	21,908.51	9,293.15	-	222,216.16
2040	112,489.30	78,806.42	22,346.68	8,756.27	-	222,398.67
2041	117,602.45	73,744.40	22,793.62	8,193.82	-	222,334.29
2042	122,715.60	68,452.29	23,249.49	7,605.81	-	222,023.19
2043	127,828.75	62,930.09	23,714.48	6,992.23	-	221,465.55
2044	135,498.47	57,177.80	24,188.77	6,353.09	-	223,218.12
2045	140,611.62	51,080.37	24,672.54	5,675.60	-	222,040.13
2046	148,281.35	44,752.84	25,165.99	4,972.54	-	223,172.72
2047	153,394.50	38,080.18	25,669.31	4,231.13	-	221,375.12
2048	161,064.22	31,177.43	26,182.70	3,464.16	-	221,888.51
2049	168,733.94	23,929.54	26,706.35	2,658.84	-	222,028.68
2050	176,403.67	16,336.51	27,240.48	1,815.17	-	221,795.83
2051	186,629.97	8,398.35	27,785.29	933.15	-	223,746.76
Total	\$ 3,070,446.48	\$ 2,669,673.96	\$ 634,737.84	\$ 292,024.77	\$ (179,621.12)	\$ 6,487,261.94

[a] Interest is calculated at a 4.50% rate.

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

EXHIBIT H – IMPROVEMENT AREA #2 ASSESSMENT ROLL

Parcel ID	Legal Description	Improvement Area #2	
		Outstanding Assessment	Annual Installment Due 1/31/2022
248146	Improvement Area #2 Initial Parcel	\$ 732,948.00	\$ 7,399.66
902644	Improvement Area #2 Initial Parcel	\$ 2,201,605.51	\$ 22,226.87
Total		\$ 2,934,553.52	\$ 29,626.53

Note: For billing purposes only, until a plat has been recorded within the Improvement Area #2 Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Improvement Area #2 Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT I – IMPROVEMENT AREA #2 ANNUAL INSTALLMENT

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 39,616.47	\$ -	\$ -	\$ (39,616.47)	\$ -
2022	-	132,054.91	14,953.76	14,672.77	(132,054.91)	29,626.53
2023	51,311.93	132,054.91	15,252.84	14,672.77	-	213,292.44
2024	53,755.35	129,745.87	15,557.89	14,416.21	-	213,475.32
2025	56,198.78	127,326.88	15,869.05	14,147.43	-	213,542.14
2026	58,642.20	124,797.94	16,186.43	13,866.44	-	213,493.01
2027	61,085.63	122,159.04	16,510.16	13,573.23	-	213,328.05
2028	63,529.05	119,410.18	16,840.36	13,267.80	-	213,047.40
2029	65,972.48	116,551.38	17,177.17	12,950.15	-	212,651.18
2030	68,415.90	113,582.61	17,520.71	12,620.29	-	212,139.52
2031	73,302.75	110,503.90	17,871.13	12,278.21	-	213,955.99
2032	75,746.18	107,205.28	18,228.55	11,911.70	-	213,091.70
2033	78,189.60	103,796.70	18,593.12	11,532.97	-	212,112.39
2034	83,076.45	100,278.17	18,964.99	11,142.02	-	213,461.62
2035	85,519.88	96,539.72	19,344.28	10,726.64	-	212,130.52
2036	90,406.73	92,691.33	19,731.17	10,299.04	-	213,128.27
2037	95,293.58	88,623.03	20,125.79	9,847.00	-	213,889.40
2038	97,737.00	84,334.82	20,528.31	9,370.54	-	211,970.66
2039	102,623.85	79,936.65	20,938.88	8,881.85	-	212,381.23
2040	107,510.70	75,318.58	21,357.65	8,368.73	-	212,555.67
2041	112,397.55	70,480.60	21,784.81	7,831.18	-	212,494.13
2042	117,284.40	65,422.71	22,220.50	7,269.19	-	212,196.80
2043	122,171.25	60,144.91	22,664.91	6,682.77	-	211,663.84
2044	129,501.53	54,647.20	23,118.21	6,071.91	-	213,338.85
2045	134,388.38	48,819.63	23,580.58	5,424.40	-	212,212.99
2046	141,718.65	42,772.16	24,052.19	4,752.46	-	213,295.46
2047	146,605.50	36,394.82	24,533.23	4,043.87	-	211,577.42
2048	153,935.78	29,797.57	25,023.90	3,310.84	-	212,068.08
2049	161,266.06	22,870.46	25,524.37	2,541.16	-	212,202.05
2050	168,596.33	15,613.49	26,034.86	1,734.83	-	211,979.51
2051	178,370.03	8,026.65	26,555.56	891.85	-	213,844.09
Total	\$ 2,934,553.52	\$ 2,551,518.54	\$ 606,645.38	\$ 279,100.23	\$ (171,671.38)	\$ 6,200,146.28

[a] Interest is calculated at a 4.50% rate.

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

EXHIBIT J – MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Parcel ID	Legal Description	Major Improvement Area	
		Outstanding Assessment	Annual Installment Due 1/31/2022
248072	Major Improvement Area Initial Parcel	\$ 1,696,907.14	\$ 15,808.28
248122	Major Improvement Area Initial Parcel	1,447,037.94	13,480.52
477399	Major Improvement Area Initial Parcel	525,863.99	4,898.92
704716	Major Improvement Area Initial Parcel	385,813.77	3,594.22
816122	Major Improvement Area Initial Parcel	51,232.12	477.28
236952	Major Improvement Area Initial Parcel	650,303.85	6,058.19
248120	Major Improvement Area Initial Parcel	1,889,902.64	17,606.22
248146	Major Improvement Area Initial Parcel	442,938.55	4,126.39
Total		\$ 7,090,000.00	\$ 66,050.00

Note: For billing purposes only, until a plat has been recorded within the Major Improvement Area Initial Parcel, the Annual Installment will be billed to each Tax Parcel within the Major Improvement Area Initial Parcel based on the acreage of the Tax Parcel as calculated by the Travis Central Appraisal District.

EXHIBIT K – MAJOR IMPROVEMENT AREA ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 133,232.92	\$ -		\$ (133,232.92)	\$ -
2022	-	389,950.00	30,600.00	35,450.00	(389,950.00)	66,050.00
2023	105,000.00	389,950.00	31,212.00	35,450.00	-	561,612.00
2024	110,000.00	384,175.00	31,836.24	34,925.00	-	560,936.24
2025	115,000.00	378,125.00	32,472.96	34,375.00	-	559,972.96
2026	120,000.00	371,800.00	33,122.42	33,800.00	-	558,722.42
2027	130,000.00	365,200.00	33,784.87	33,200.00	-	562,184.87
2028	135,000.00	358,050.00	34,460.57	32,550.00	-	560,060.57
2029	145,000.00	350,625.00	35,149.78	31,875.00	-	562,649.78
2030	150,000.00	342,650.00	35,852.78	31,150.00	-	559,652.78
2031	160,000.00	334,400.00	36,569.83	30,400.00	-	561,369.83
2032	170,000.00	325,600.00	37,301.23	29,600.00	-	562,501.23
2033	175,000.00	316,250.00	38,047.25	28,750.00	-	558,047.25
2034	185,000.00	306,625.00	38,808.20	27,875.00	-	558,308.20
2035	195,000.00	296,450.00	39,584.36	26,950.00	-	557,984.36
2036	210,000.00	285,725.00	40,376.05	25,975.00	-	562,076.05
2037	220,000.00	274,175.00	41,183.57	24,925.00	-	560,283.57
2038	230,000.00	262,075.00	42,007.24	23,825.00	-	557,907.24
2039	245,000.00	249,425.00	42,847.39	22,675.00	-	559,947.39
2040	260,000.00	235,950.00	43,704.34	21,450.00	-	561,104.34
2041	275,000.00	221,650.00	44,578.42	20,150.00	-	561,378.42
2042	290,000.00	206,525.00	45,469.99	18,775.00	-	560,769.99
2043	305,000.00	190,575.00	46,379.39	17,325.00	-	559,279.39
2044	325,000.00	173,800.00	47,306.98	15,800.00	-	561,906.98
2045	340,000.00	155,925.00	48,253.12	14,175.00	-	558,353.12
2046	360,000.00	137,225.00	49,218.18	12,475.00	-	558,918.18
2047	380,000.00	117,425.00	50,202.54	10,675.00	-	558,302.54
2048	405,000.00	96,525.00	51,206.59	8,775.00	-	561,506.59
2049	425,000.00	74,250.00	52,230.73	6,750.00	-	558,230.73
2050	450,000.00	50,875.00	53,275.34	4,625.00	-	558,775.34
2051	475,000.00	26,125.00	54,340.85	2,375.00	-	557,840.85
Total	\$ 7,090,000.00	\$ 7,801,332.92	\$ 1,241,383.22	\$ 697,100.00	\$ (523,182.92)	\$ 16,306,633.22

[a] Interest is calculated at a 5.50% rate.

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

EXHIBIT L-1 – LOT TYPE 1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 157.01	\$ -	\$ -	\$ (157.01)	\$ -
2022	-	523.37	59.27	58.15	(523.37)	117.42
2023	203.36	523.37	60.45	58.15	-	845.34
2024	213.05	514.22	61.66	57.14	-	846.06
2025	222.73	504.63	62.89	56.07	-	846.33
2026	232.42	494.61	64.15	54.96	-	846.13
2027	242.10	484.15	65.43	53.79	-	845.48
2028	251.78	473.26	66.74	52.58	-	844.37
2029	261.47	461.93	68.08	51.33	-	842.80
2030	271.15	450.16	69.44	50.02	-	840.77
2031	290.52	437.96	70.83	48.66	-	847.97
2032	300.20	424.89	72.24	47.21	-	844.54
2033	309.89	411.38	73.69	45.71	-	840.66
2034	329.26	397.43	75.16	44.16	-	846.01
2035	338.94	382.61	76.67	42.51	-	840.73
2036	358.31	367.36	78.20	40.82	-	844.69
2037	377.68	351.24	79.76	39.03	-	847.71
2038	387.36	334.24	81.36	37.14	-	840.10
2039	406.73	316.81	82.99	35.20	-	841.73
2040	426.10	298.51	84.65	33.17	-	842.42
2041	445.46	279.33	86.34	31.04	-	842.18
2042	464.83	259.29	88.07	28.81	-	841.00
2043	484.20	238.37	89.83	26.49	-	838.88
2044	513.25	216.58	91.62	24.06	-	845.52
2045	532.62	193.49	93.46	21.50	-	841.06
2046	561.67	169.52	95.33	18.84	-	845.35
2047	581.04	144.24	97.23	16.03	-	838.54
2048	610.09	118.10	99.18	13.12	-	840.49
2049	639.14	90.64	101.16	10.07	-	841.02
2050	668.20	61.88	103.18	6.88	-	840.14
2051	706.93	31.81	105.25	3.53	-	847.53
Total	\$ 11,630.48	\$ 10,112.40	\$ 2,404.31	\$ 1,106.15	\$ (680.38)	\$ 24,572.96

[a] Interest is calculated at a 4.50% rate.

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

EXHIBIT L-2 – LOT TYPE 2 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 157.01	\$ -	\$ -	\$ (157.01)	\$ -
2022	-	523.37	59.27	58.15	(523.37)	117.42
2023	203.36	523.37	60.45	58.15	-	845.34
2024	213.05	514.22	61.66	57.14	-	846.06
2025	222.73	504.63	62.89	56.07	-	846.33
2026	232.42	494.61	64.15	54.96	-	846.13
2027	242.10	484.15	65.43	53.79	-	845.48
2028	251.78	473.26	66.74	52.58	-	844.37
2029	261.47	461.93	68.08	51.33	-	842.80
2030	271.15	450.16	69.44	50.02	-	840.77
2031	290.52	437.96	70.83	48.66	-	847.97
2032	300.20	424.89	72.24	47.21	-	844.54
2033	309.89	411.38	73.69	45.71	-	840.66
2034	329.26	397.43	75.16	44.16	-	846.01
2035	338.94	382.61	76.67	42.51	-	840.73
2036	358.31	367.36	78.20	40.82	-	844.69
2037	377.68	351.24	79.76	39.03	-	847.71
2038	387.36	334.24	81.36	37.14	-	840.10
2039	406.73	316.81	82.99	35.20	-	841.73
2040	426.10	298.51	84.65	33.17	-	842.42
2041	445.46	279.33	86.34	31.04	-	842.18
2042	464.83	259.29	88.07	28.81	-	841.00
2043	484.20	238.37	89.83	26.49	-	838.88
2044	513.25	216.58	91.62	24.06	-	845.52
2045	532.62	193.49	93.46	21.50	-	841.06
2046	561.67	169.52	95.33	18.84	-	845.35
2047	581.04	144.24	97.23	16.03	-	838.54
2048	610.09	118.10	99.18	13.12	-	840.49
2049	639.14	90.64	101.16	10.07	-	841.02
2050	668.20	61.88	103.18	6.88	-	840.14
2051	706.93	31.81	105.25	3.53	-	847.53
Total	\$ 11,630.48	\$ 10,112.40	\$ 2,404.31	\$ 1,106.15	\$ (680.38)	\$ 24,572.96

[a] Interest is calculated at a 4.50% rate.

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

EXHIBIT L-3 – LOT TYPE 3 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest [a]	Annual Collection Costs	Additional Interest	Capitalized Interest	Total Annual Installment
2021	\$ -	\$ 159.77	\$ -	\$ -	\$ (159.77)	\$ -
2022	-	532.55	60.31	59.17	(532.55)	119.48
2023	206.93	532.55	61.51	59.17	-	860.17
2024	216.79	523.24	62.74	58.14	-	860.91
2025	226.64	513.49	64.00	57.05	-	861.18
2026	236.49	503.29	65.28	55.92	-	860.98
2027	246.35	492.65	66.58	54.74	-	860.31
2028	256.20	481.56	67.91	53.51	-	859.18
2029	266.06	470.03	69.27	52.23	-	857.58
2030	275.91	458.06	70.66	50.90	-	855.52
2031	295.62	445.64	72.07	49.52	-	862.85
2032	305.47	432.34	73.51	48.04	-	859.36
2033	315.32	418.59	74.98	46.51	-	855.41
2034	335.03	404.40	76.48	44.93	-	860.85
2035	344.89	389.33	78.01	43.26	-	855.48
2036	364.59	373.81	79.57	41.53	-	859.51
2037	384.30	357.40	81.16	39.71	-	862.58
2038	394.16	340.11	82.79	37.79	-	854.84
2039	413.86	322.37	84.44	35.82	-	856.50
2040	433.57	303.75	86.13	33.75	-	857.20
2041	453.28	284.24	87.85	31.58	-	856.95
2042	472.99	263.84	89.61	29.32	-	855.75
2043	492.69	242.55	91.40	26.95	-	853.60
2044	522.26	220.38	93.23	24.49	-	860.36
2045	541.96	196.88	95.10	21.88	-	855.82
2046	571.53	172.49	97.00	19.17	-	860.18
2047	591.23	146.77	98.94	16.31	-	853.25
2048	620.80	120.17	100.92	13.35	-	855.23
2049	650.36	92.23	102.94	10.25	-	855.77
2050	679.92	62.97	104.99	7.00	-	854.87
2051	719.33	32.37	107.09	3.60	-	862.39
Total	\$ 11,834.52	\$ 10,289.81	\$ 2,446.49	\$ 1,125.56	\$ (692.32)	\$ 25,004.07

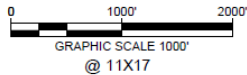
[a] Interest is calculated at a 4.50% rate.

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

EXHIBIT M – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Units	Total Assessment	Maximum Assessment
1	264	\$ 3,070,446.48	\$11,630.48 per Unit
2	176	2,046,964.32	\$11,630.48 per Unit
3	75	887,589.19	\$11,834.52 per Unit
Total		\$ 6,005,000.00	

EXHIBIT N – LOT TYPE CLASSIFICATION MAP



LEGEND

- BOUNDARY
- SECTION LINE
- IA #1
- IA #2
- 50' LOT
- 55' LOT

Manor Heights Improvement Areas			
Lot Width	IA #1	IA #2	Overall
	Lot Count	Lot Count	Lot Count
50'	264	176	440
55'	0	75	75
Total Lots	264	251	515

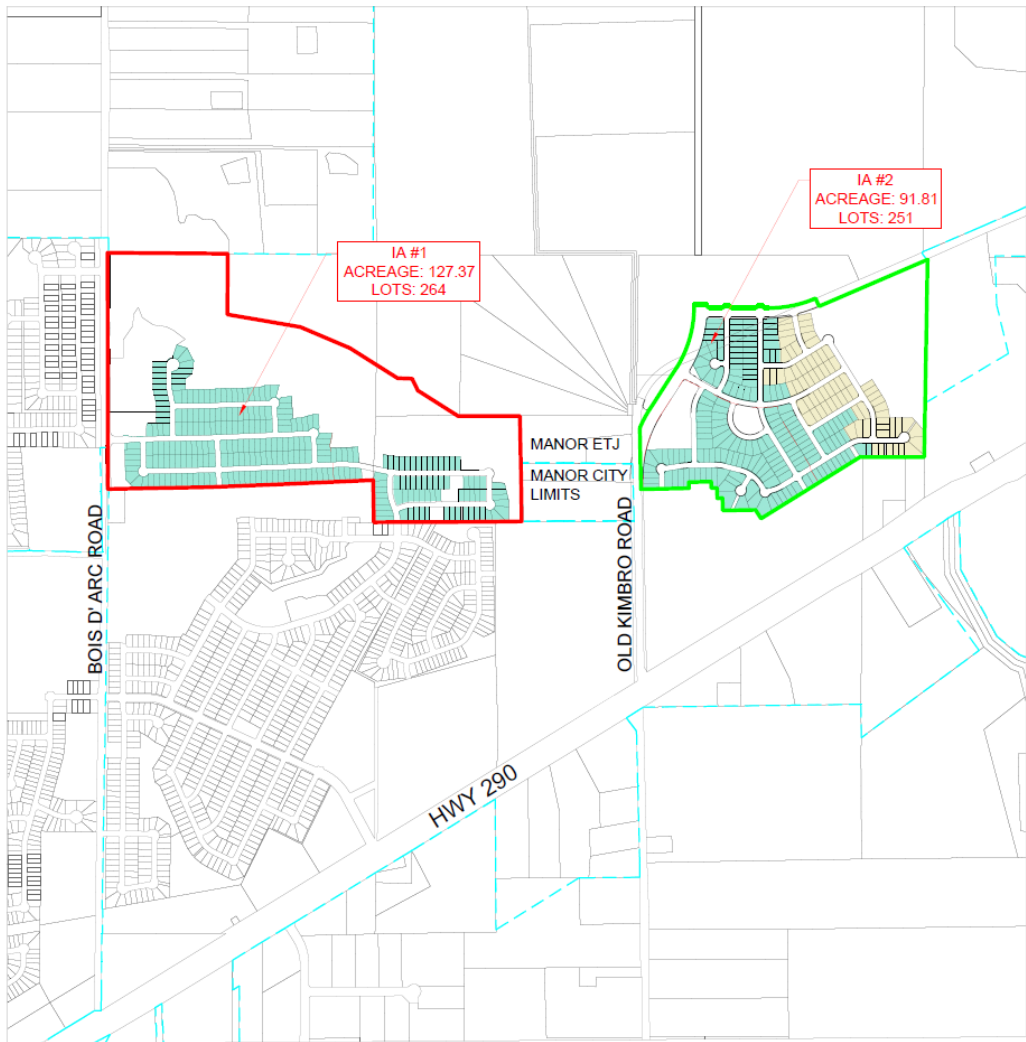


EXHIBIT N -LOT TYPE CLASSIFICATION

MANOR, TEXAS
FEBRUARY 2021

Kimley»Horn
10114 Jollyville
Bulldog, Suite 200
Austin, Texas 78759
512-798-1771
State of Texas Registration No. P-928
K:\2021\PROJECTS\2021\20210215\20210215.DWG

EXHIBIT O – MAP OF AUTHORIZED IMPROVEMENTS

LEGEND

	IA #1	—	WASTEWATER LINE (8" UNLESS NOTED)
	IA #2	—	WATER LINE (8" UNLESS NOTED)
	MAJOR IMPROVEMENT AREA	— FM —	FORCE MAIN
	ROADWAY	—	STORM SEWER
	MAD4		

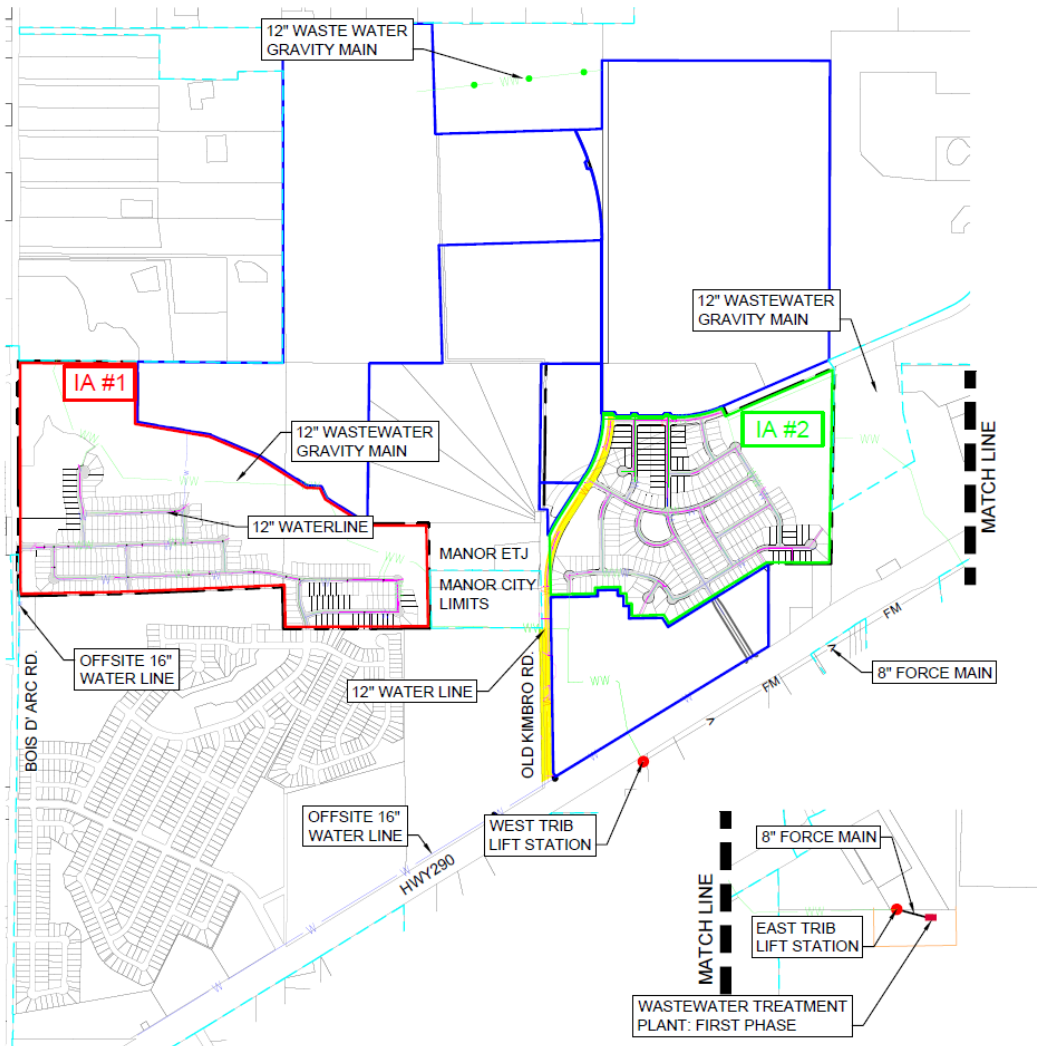


EXHIBIT O - MAP OF AUTHORIZED IMPROVEMENTS
 MANOR, TEXAS
 FEBRUARY 2021

Kimley»Horn
 12814 Jollyville
 Building 4, Suite 200
 Austin, Texas 78759
 512-719-1771
 State of Texas Registration No. P-928
18726119/2220713A/20/1561212012/04/20/15

EXHIBIT P – NOTICE OF PID ASSESSMENT TERMINATION



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

[Date]
Travis County Clerk's Office
Honorable [County Clerk Name]
5501 Airport Boulevard
Austin, Texas 78751

Re: City of Manor Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

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

City of Manor
Attn: [City Secretary]
105 E. Eggleston Street
Manor, TX 78653

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

Sincerely,
[Signature]

P3Works, LLC
P: (817) 393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]
105 E. Eggleston Street
Manor, TX 78653

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

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS	§	

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

RECITALS

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

WHEREAS, on or about November 7, 2018, the City Council for the City, approved Resolution No. 2018-10, creating the Manor Heights Public Improvement District; and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11 adopted by the City Council on October 7, 2020; and

WHEREAS, the Manor Heights Public Improvement District consists of approximately 602.9 contiguous acres located within the City; and

WHEREAS, on or about [REDACTED], the City Council, approved Ordinance No. [REDACTED], (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Manor Heights Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of \$ _____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Travis County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Travis County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Travis County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

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

CITY OF MANOR, TEXAS,

By: _____
[Manager Name], City Manager

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the ____ day of _____, 20__, by [Manager Name], City Manager for the City of Manor, Texas, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT Q – ESTIMATED BUILDOUT VALUE FOR MAJOR IMPROVEMENT AREA, IMPROVEMENT AREA #1, AND IMPROVEMENT AREA #2

	Units		Estimated Buildout Value	Total Buildout Value	% of Estimated Buildout Value
Improvement Area #1					
50'	264	lots	\$ 285,000	\$ 75,240,000	
				\$ 75,240,000	15.61%
Improvement Area #2					
50'	176	lots	\$ 285,000	\$ 50,160,000	
55'	75	lots	\$ 290,000	\$ 21,750,000	
	251			\$ 71,910,000	14.92%
Major Improvement Area					
50'	516	lots	\$ 285,000	\$ 147,060,000	
55'	75	lots	\$ 290,000	\$ 21,750,000	
60'	144	lots	\$ 300,000	\$ 43,200,000	
Condos	370	units	\$ 204,000	\$ 75,480,000	
Office	68,999	SqFt	\$ 200	\$ 13,799,800	
Restaurant	17,250	SqFt	\$ 200	\$ 3,450,000	
Retail	150,935	SqFt	\$ 200	\$ 30,187,000	
				\$ 334,926,800	69.48%
				\$ 482,076,800	100.00%

EXHIBIT R – IMPROVEMENT AREA #1-2 BOND DEBT SERVICE SCHEDULE

EXHIBIT S – MAJOR IMPROVEMENT AREA BOND DEBT SERVICE SCHEDULE

EXHIBIT B
LANDOWNER AGREEMENT

MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT

LANDOWNER AGREEMENT

between

THE CITY OF MANOR, TEXAS

and

FORESTAR (USA) REAL ESTATE GROUP, INC.

CONTINENTAL HOMES OF TEXAS, L.P.

RHOF, LLC

Dated as of:

May 5, 2021

**LANDOWNER AGREEMENT
(Manor Heights Public Improvement District)**

This **LANDOWNER AGREEMENT** (this “Agreement”) is entered into between the CITY OF MANOR, TEXAS, a Texas home-rule municipal corporation (the “City”) and FORESTAR (USA) REAL ESTATE GROUP, INC., a Delaware corporation (“Forestar”), CONTINENTAL HOMES OF TEXAS, L.P., a Texas limited partnership (“Horton”), RHOF, LLC, a Texas limited liability company (“RHOF”) (Forestar, Horton and RHOF shall collectively be referred to as the “Landowner”) (individually “Party” or collectively “Parties”). This Agreement shall be effective as of May 5, 2021 (the “Effective Date”).

RECITALS

WHEREAS, Forestar owns land located in Travis County, Texas more particularly described in Exhibit “A” attached hereto (the “Forestar Land”).

WHEREAS, Horton owns land located in Travis County, Texas more particularly described in Exhibit “A-1” attached hereto (the “Horton Land”).

WHEREAS, RHOF owns land located in Travis County, Texas more particularly described in Exhibit “A-2” attached hereto (the “RHOF Land”). The Forestar Land, Horton Land, and RHOF Land shall collectively be referred to as the “Land”.

WHEREAS, the Land constitutes taxable, privately-owned land located within the Manor Heights Public Improvement District (the “District”) created pursuant to the authority of Chapter 372, Texas Local Government Code (as may be amended, the “PID Act”) in Resolution No. 2018-10 passed on November 7, 2018 (the “Creation Resolution”);

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to a Resolution No. 2020-11 adopted by the City Council on October 7, 2020;

WHEREAS, Forestar and the City (with Horton and RHOF executing solely as Consenting Parties) entered into that certain Manor Heights Public Improvement District Financing and Reimbursement Agreement dated April 21, 2021 (as such agreement may be amended from time to time, the “PID Financing Agreement”), relating to, among other matters, the construction and financing of the “Authorized Improvements” as defined therein, the levy of Assessments (defined below) within the Land, the reimbursement of Forestar for the costs of the Authorized Improvements and the issuance of revenue bonds secured by such Assessments (“PID Bonds”);

WHEREAS, the City Council of the City (the “City Council”) has concurrently herewith adopted an assessment ordinance (Ordinance No. _____) (including all exhibits, the “Assessment Ordinance”) that levied an “Assessment” on each “Assessed Property” within the District, which Assessments will be used to reimburse Forestar for the costs of the Authorized Improvements or, if PID Bonds are issued by the City, pledged as security for the payment of such PID Bonds to pay for, among other things, the costs of constructing the Authorized Improvements;

WHEREAS, a copy of the Assessment Ordinance is attached hereto as Exhibit “B”;

WHEREAS, the Assessment Ordinance includes a copy of the Manor Heights Public Improvement District 2021 Service and Assessment Plan (as updated and amended from time to time, the “Service and Assessment Plan”); and

WHEREAS, the Service and Assessment Plan includes an “Assessment Roll” setting forth the amount of the Assessment for each Assessed Property, including the amount of the “Annual Installment” for each Assessment paid in installments; and

NOW THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits hereinafter set forth, the Parties agree as follows:

ARTICLE I
DEFINITIONS; APPROVAL OF AGREEMENTS

Definitions. Capitalized terms used but not defined in this Agreement (including the exhibits hereto) shall have the meanings given to them in the PID Financing Agreement.

Affirmation of Recitals. The matters set forth in the Recitals of this Agreement are true and correct and are incorporated in this Agreement as official findings of the City Council.

ARTICLE II
AGREEMENT OF LANDOWNER

A. Landowner ratifies, confirms, accepts, agrees to, and approves:

(i) the creation of the District, the boundaries of the District, and the boundaries of the Assessed Properties;

(ii) the location and construction of the Authorized Improvements which confer a special benefit on the Assessed Properties;

(iii) the determinations and findings of special benefit to the Assessed Properties made by the City Council in the Assessment Ordinance and Service and Assessment Plan;

(iv) the Assessment Ordinance and the Service and Assessment Plan; and

(v) the Homebuyer Disclosure in the form attached as Exhibit “C”.

B. Landowner consents, acknowledges, accepts, and agrees:

(i) to the Assessments levied against the applicable Assessed Properties in the District as shown on the Assessment Roll, as the Assessment Roll may be amended from time to time;

(ii) that the Authorized Improvements confer a special benefit on the Assessed Properties in an amount that exceeds the Assessments against the Assessed Properties as shown on the Assessment Roll;

(iii) that the Assessments against the Assessed Properties are final, conclusive, and binding upon the Landowner and its successors and assigns;

(iv) to pay the Assessments against the Assessed Properties when due and in the amounts stated in the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll;

(v) that each Assessment or reassessment against the Assessed Properties, with interest, the expense of collection, and reasonable attorney's fees, if incurred, is a first and prior lien against the Assessed Properties, superior to all other liens and monetary claims except liens or monetary claims for state, county, school district, or municipal ad valorem taxes, and is a personal liability of and charge against the owner of the Assessed Properties regardless of whether the owner is named;

(vi) that the Assessment liens on the Assessed Properties are liens and covenants that run with the land and are effective from the date of the Assessment Ordinance and continue until the Assessments are paid in full and may be enforced by the governing body of the City in the same manner that ad valorem tax liens against real property may be enforced;

(vii) that delinquent installments of Assessments against the Assessed Properties shall incur and accrue interest, penalties, and attorney's fees as provided in the PID Act;

(viii) that the owner of an Assessed Property may pay at any time the entire Assessment against the Assessed Property, with interest that has accrued on the Assessment to the date of such payment;

(ix) that Annual Installments may be adjusted, decreased, and extended and that owners of the Assessed Properties shall be obligated to pay such Annual Installments as adjusted, decreased, or extended, when due and without the necessity of further action, assessments, or reassessments by the City Council; and

(x) that the Landowner has received, or hereby waives, all notices required by State law (including, but not limited to the PID Act) in connection with the creation of the District and the adoption and approval by the City Council of the Assessment Ordinance, the Service and Assessment Plan, and the Assessment Roll.

C. Landowner further agrees that the City may record in the real property records of Travis County a copy of the Creation Resolution and this Agreement, including the exhibits attached hereto that evidence the lien and encumbrance created upon the Landowner's Assessed Properties by the Assessment Ordinance.

D. Landowner hereby waives:

(i) any and all defects, irregularities, illegalities or deficiencies in the proceedings establishing the District, defining the Assessed Properties, adopting the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll, levying of the Assessments, and determining the amount of the Annual Installments of the Assessments;

(ii) any and all notices and time periods provided by the PID Act including, but not limited to, notice of the establishment of the District and notice of public hearings regarding the approval of the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll and regarding the levying of the Assessments and determining the amount of the annual installments of the Assessments;

(iii) any and all actions and defenses against the adoption or amendment of the Assessment Ordinance, Service and Assessment Plan, and Assessment Roll;

(iv) any and all actions and defenses against the City's finding of "special benefit" pursuant to the PID Act and as set forth in the Service and Assessment Plan and the levying of the Assessments and determining the amount of the annual installments of the Assessments; and

(v) any right to object to the legality of the Assessment Ordinance, Service and Assessment Plan, Assessment Roll, or Assessments or to any proceedings connected therewith.

ARTICLE III

TEXAS PROPERTY CODE SECTION 5.014 NOTICE

A. Section 5.014 of the Texas Property Code requires that a seller of residential real property that is located in a public improvement district and that consists of not more than one dwelling unit shall give to the purchaser of the property written notice of the district in substantially the form set forth on Exhibit C hereto. The seller is required to deliver the notice to the purchaser before the effective date of an executory contract binding the purchaser to purchase the property. The notice may be given separately, as part of the contract during negotiations, or as part of any other notice the seller delivers to the purchaser. If the notice is included as part of the executory contract or another notice, the title of the required notice, the references to the street address, the date in the notice, and the purchaser's signature may be omitted.

B. As the property in the District is developed, a notice substantially in the form as the notice attached hereto as Exhibit C (as may be updated and amended from time to time) will be prepared and provided to any purchaser of an Assessed Property located in the District. If Section 5.014 of the Texas Property Code is amended, said amendment will control the notice to be provided as of the effective date of such amendment.

ARTICLE IV

DEDICATION OF AUTHORIZED IMPROVEMENTS

Landowner acknowledges that the Authorized Improvements, together with the land, easements, or other rights-of-way needed for the Authorized Improvements, shall be dedicated, conveyed, leased, or otherwise provided to or for the benefit of the City, County, or other applicable governmental authority (as applicable). Landowner will execute such conveyances and/or dedications as may be reasonably required to evidence the same.

ARTICLE V
MISCELLANEOUS

A. Notices. Any notice or other communication (a “Notice”) required or contemplated by this Agreement shall be given at the addresses set forth below. Notices as to one or more Assessed Properties shall only be given to the Landowner that owns the applicable Assessed Properties. Notices as to all of the Land shall be given to all Landowners. Notices shall be in writing and shall be deemed given: (i) five business days after being deposited in the United States Mail, Registered or Certified Mail, Return Receipt Requested; or (ii) when delivered by a nationally recognized private delivery service (e.g., FedEx or UPS) with evidence of delivery signed by any person at the delivery address. Each Party may change its address by written notice to the other Parties in accordance with this section.

Forestar:

Forestar (USA) Real Estate Group, Inc.
Attn: John Maberry
10700 Pecan Park Blvd. Suite 150
Austin, Texas 78750

With copy to:

Metcalf Wolff Stuart Williams, LLP
Attn: Talley J. Williams
221 West 6th Street, Suite 1300
Austin, Texas 78701

Horton:

Continental Homes of Texas, L.P.
Attn: Adib Khoury
10700 Pecan Park Blvd., Suite 400
Austin, Texas 78750

RHOF:

RHOF, LLC
c/o Sky Village Kimbro Estates, LLC
Attn: Gordon Reger
2730 Transit Road
West Seneca, New York 14224

City:
City of Manor, Texas
Attn: City Manager
105 East Eggleston Street
Manor, Texas 7865

With a copy to:
The Knight Law Firm, LLP
Attn: Paige Saenz/Veronica Rivera
223 West Anderson Lane, Suite A-105
Austin, Texas 78752

B. Parties in Interest. In the event of the sale or transfer of an Assessed Property or any portion thereof, the purchaser or transferee shall be deemed to have assumed the obligations of the Landowner with respect to such Assessed Property or such portion thereof, and the seller or transferor shall be released with respect to such Assessed Property or portion thereof. Notwithstanding the foregoing, if PID Bonds are issued by the City, the holders of PID Bonds are express beneficiaries of this Agreement and shall be entitled to pursue any and all remedies at law or in equity to enforce the obligations of the Parties, subject to the limitations set forth in an Indenture.

C. Amendments. This Agreement may be amended only by a written instrument executed by all the Parties. No termination or amendment shall be effective until a written instrument setting forth the terms thereof has been executed by the then-current owners of the Land and recorded in the Real Property Records of Travis County, Texas.

D. Estoppels. Within 10 days after written request from any Party, the other Parties shall provide a written certification indicating whether this Agreement remains in effect as to an Assessed Property and whether any Party is then in default hereunder.

E. Termination. This Agreement shall terminate as to each Assessed Property upon payment in full of the Assessment against the Assessed Property.

[SIGNATURE PAGES TO FOLLOW]

EXECUTED by the Parties on the dates stated below.

THE CITY OF MANOR, TEXAS

By: _____
Dr. Larry Wallace, Jr., Mayor

Attest:

By: _____
Name: Lluvia T. Almaraz
Title: City Secretary

Approved as to form:

By: _____
Name: Veronica Rivera
Title: Assistant City Attorney

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

BEFORE ME, a Notary Public, on this day personally appeared, by Dr. Larry Wallace, Jr., Mayor of the City of Manor, a Texas municipal corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed on behalf of that municipal corporation.

GIVEN UNDER MY HAND AND SEAL of office this ____ day of _____, 2021.

(SEAL)

Notary Public, State of Texas

FORESTAR:

FORESTAR (USA) REAL ESTATE GROUP, INC., a
Delaware corporation

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF _____

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2021, by
_____, as _____ of FORESTAR (USA) REAL ESTATE GROUP, INC., a
Delaware corporation, on behalf of said corporation.

[SEAL]

Notary Public, State of Texas

HORTON:

Continental Homes of Texas, L.P.
(a Texas limited partnership)

By: CHTEX of Texas, Inc.
(a Delaware corporation)
Its General Partner

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS
COUNTY OF _____

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2021, by _____, _____ of CHTEX of Texas, Inc, a Delaware corporation, general partner of Continental Homes of Texas, L.P., a Texas limited partnership, on behalf of said entities.

[SEAL]

Notary Public, State of Texas

RHOF:

RHOF, LLC,
a Texas limited liability company

By: _____
Name: _____
Title: _____

THE STATE OF NEW YORK
COUNTY OF _____

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2021, by _____, as _____ of RHOF, LLC, a Texas limited liability company, on behalf of said limited liability company.

[SEAL]

Notary Public, State of New York

EXHIBIT A to LANDOWNER AGREEMENT

Legal Description – Forestar Land

90.089 ACRES OUT OF THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE TRACTS OF LAND CONVEYED TO RHOF, LLC, A TEXAS LIMITED LIABILITY COMPANY, PER DEED RECORDED AS DOCUMENT NO.2017194263 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

267.972 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456 AND THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING THE SAME 267.972 ACRE TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS DESCRIBED IN DOCUMENT NUMBER 2016214460, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS.

(35.626 AC) LOT 2, J.F. NAGLE ESTATES, A SUBDIVISION IN TRAVIS COUNTY, TEXAS, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN DOCUMENT NO. 199900207, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, TOGETHER WITH A NON-EXCLUSIVE 60 FOOT WIDE ACCESS AND PUBLIC UTILITY EASEMENT AS CREATED AND MORE PARTICULARLY DESCRIBED IN THAT DECLARATION OF ACCESS AND PUBLIC UTILITY EASEMENT RECORDED IN DOCUMENT NO. 1999058184, OFFICIAL PUBLIC RECORDS, TRAVIS COUNTY, TEXAS, BEING THE SAME 35.626 ACRES CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

3.469 ACRES OF LAND LOCATED IN THE LEMUEL KIMBRO SURVEY, ABSTRACT NUMBER 456, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN TRACT OF LAND CONVEYED TO SKY VILLAGE KIMBRO ESTATES, LLC, AS RECORDED IN 2017157471 OF THE OFFICIAL RECORDS OF TRAVIS COUNTY, TEXAS

157.9603 ACRES OUT OF THE A.C. CALDWELL SURVEY NO.52, ABSTRACT 154 AND THE LEMUEL KIMBRO SURVEY NO.64, ABSTRACT 456, AND BEING THE TRACTS OF LAND CONVEYED TO KIMBRO ROAD ESTATES, LP PER DEED RECORDED AS DOCUMENT NO.201780865 OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

EXHIBIT A-1 to LANDOWNER AGREEMENT

Legal Description – Horton Land

Lots 3,4,8,9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19,20,21,22,23,24,25,26,27,28,29,30, and 31, Block A; and Lots 1, 2, 3, 4, 5, 6, 7, 8, and 9, Block E, MANOR HEIGHTS SOUTH, PHASE 1, SECTION 1, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Document No. 202100001 of the Official Public Records of Travis County, Texas.

EXHIBIT A-2 to LANDOWNER AGREEMENT

Legal Description – RHOF Land

44.0347 ACRES OF LAND LOCATED IN THE A.C. CALDWELL SURVEY, ABSTRACT NUMBER 154, TRAVIS COUNTY, TEXAS AND BEING A PORTION OF THAT CERTAIN CALLED 180.83 ACRES OF LAND CONVEYED TO ALMA JUANITA MEIER, AS DESCRIBED IN VOLUME 11376, PAGE 676, OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS

EXHIBIT B to LANDOWNER AGREEMENT

Assessment Ordinance

[See Attached]

EXHIBIT C to LANDOWNER AGREEMENT

Homebuyer Disclosure

**MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
LOT TYPE __
HOMEBUYER DISCLOSURE**

SECTION 5.014 TEXAS PROPERTY CODE NOTICE

NOTICE OF OBLIGATION TO PAY PUBLIC IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF MANOR TEXAS, CONCERNING THE PROPERTY AT THE FOLLOWING STREET ADDRESS AND TAX ID:

Street Address

Tax ID

As the purchaser of this parcel of residential real property located in a public improvement district, you are obligated to pay an Assessment to the City of Manor, Texas for improvement projects undertaken by the Manor Heights Public Improvement District under Subchapter A, Chapter 372, Local Government Code. Information about the Assessment (such as its due date, the amount of the Assessment, or how it is paid) may be obtained by contacting the City. The Assessment against your parcel may be paid in full at any time together with interest through the date of payment. If you do not elect to pay the Assessment in full, it will be due and payable in annual installments, including interest and collection costs. The amount of the Assessments is subject to change. Your failure to pay the Assessment or any annual installment could result in a lien on and the foreclosure of your property.

Date: _____

Purchaser



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Thomas Bolt, City Manager
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on an Ordinance Authorizing the Issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project); Approving and Authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and Other Agreements and Documents in Connection Therewith; Making Findings with Respect to the Issuance of Such Bonds; Providing an Effective Date.

BACKGROUND/SUMMARY:

On November 7, 2018, the City Council approved the creation of the Manor Heights Public Improvement District (PID) and October 7, 2020, the City Council approved the addition of land to the Manor Heights PID. The Developer and the City entered into a Development Agreement, as amended, on the same date the Manor Heights PID was created with the intent that the Developer would be reimbursed for certain public improvements constructed. The attached ordinance is presented to you for consideration to authorize the issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project), among other things.

LEGAL REVIEW: Yes, Completed
FISCAL IMPACT: Not Applicable
PRESENTATION: No
ATTACHMENTS: Yes

- Ordinance No. 610
- MIA Indenture
- MIA Bond Purchase Agreement
- Waiver Redemption Agreement
- MIA Continuing Disclosure Agreement

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve Ordinance No. 610 Authorizing the Issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project); Approving and Authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and Other Agreements and Documents in Connection Therewith; and other related matters.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

ORDINANCE NO. 610

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF MANOR, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT); APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT, AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Manor, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), has previously established the "Manor Heights Public Improvement District" (the "District"), pursuant to Resolution No. 2018-10 adopted by the City Council of the City (the "City Council") on November 7, 2018; and

WHEREAS, the authorization creating the District became effective on November 9, 2018 upon publication of Resolution No. 2018-10 in the *Manor Community News*, a newspaper of general circulation in the City; and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11, adopted by the City Council on October 7, 2020; and

WHEREAS, pursuant to the PID Act, the City Council published notice and held a public hearing on May 5, 2021 regarding the levy of special assessments within the District and on May 5, 2021 adopted Ordinance No. _____ (the "Assessment Ordinance"); and

WHEREAS, in the Assessment Ordinance, the City Council approved and accepted the "Service and Assessment Plan" (as defined and described in the Assessment Ordinance, the "Service and Assessment Plan") relating to the District and levied the "Assessments" (as defined in the Service and Assessment Plan, the "Assessments") against the "Assessment Rolls" (as defined and described in the Service and Assessment Plan, the "Assessment Roll"). Capitalized terms used in this preamble and not otherwise defined shall have the meaning assigned thereto in the Service and Assessment Plan; and

WHEREAS, the City authorized and approved in substantially final form that certain Manor Heights Public Improvement District Financing and Reimbursement Agreement (the "Financing Agreement") between the City and Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer"), and as consented to by RHOF, LLC, a Texas limited liability company, and Continental Homes of Texas, L.P., a Texas limited partnership, on April 21, 2021, pursuant to which the City has agreed to issue revenue bonds payable from Assessments to pay for

the costs of constructing authorized improvements as identified in the Service and Assessment Plan (the "Authorized Improvements"); and

WHEREAS, the City Council has found and determined that it is in the best interests of the City to issue its bonds to be designated "City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)" (the "Series 2021 MIA Bonds"), such series to be payable from and secured by the Pledged Revenues, as defined in the Indenture (defined below); and

WHEREAS, the City is authorized by the PID Act to issue the Series 2021 MIA Bonds for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects (as defined in the Service and Assessment Plan), (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve fund for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2021 MIA Bonds; and

WHEREAS, in connection with the issuance of the Series 2021 MIA Bonds for the purposes of paying the costs of the Major Improvement Area Projects, the City has determined such improvements confer a special benefit on the District, as provided in Section III of the Service and Assessment Plan and further depicted on Exhibit O of the Service and Assessment Plan; and

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

WHEREAS, after conducting the duly noticed public hearing on the issuance of the Series 2021 MIA Bonds, the City Council, as set out this Ordinance, hereby approves the: (i) issuance of the Series 2021 MIA Bonds to finance the Major Improvement Area Projects as identified in the Service and Assessment Plan, (ii) form, terms and provisions of the Indenture of Trust securing the Series 2021 MIA Bonds authorized hereby (defined below), (iii) form, terms and provisions of the Bond Purchase Agreement (defined below) between the City and the purchaser of the Series 2021 MIA Bonds, (iv) form, terms and provisions of the Redemption Agreement (defined below), (v) the Limited Offering Memorandum (defined below), and (vi) the Continuing Disclosure Agreement (defined below).

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

SECTION 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein.

SECTION 2. Approval of Issuance of Bonds and Indenture of Trust.

(a) The issuance of the Series 2021 MIA Bonds in the principal amount of \$ _____ for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve fund for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2021 MIA Bonds, is hereby authorized and approved.

(b) The Series 2021 MIA Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of May 1, 2021, between the City and UMB Bank, N.A., as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor or Mayor Pro Tem of the City, such approval to be evidenced by the execution and delivery of the Indenture, which Indenture is hereby approved in substantially final form attached hereto as Exhibit A and incorporated herein for all purposes. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem.

(c) The Series 2021 MIA Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Series 2021 MIA Bonds shall be in substantially the form set forth in the Indenture with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Series 2021 MIA Bonds. The Series 2021 MIA Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate (as defined in the Indenture) pledged to such Series 2021 MIA Bonds, and shall never be payable from ad valorem taxes.

SECTION 3. Sale of Bonds; Approval of Bond Purchase Agreement. The Series 2021 MIA Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, between the City and the Underwriter, attached hereto as Exhibit B and incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interest of the City. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. The Mayor's or Mayor Pro Tem's signature on the Bond Purchase Agreement may be attested by the City Secretary.

SECTION 4. Approval of Redemption Agreement. That certain Agreement Regarding Waiver of Right of Redemption—Manor Heights Public Improvement District – Major Improvement Area (the "Redemption Agreement"), between the City, the Developer and RHOF, LLC is hereby authorized and approved in the substantially final form attached hereto as Exhibit C and incorporated herein for all purposes and the Mayor or Mayor Pro Tem of the City is hereby

authorized and directed to execute and deliver such Redemption Agreement with such changes as may be required to carry out the purposes of this Ordinance. The Mayor's or Mayor Pro Tem's signature on the Redemption Agreement may be attested by the City Secretary.

SECTION 5. Approval of Limited Offering Memorandum. The City Council, at a regular called meeting on April 21, 2021, adopted Resolution No. 2021-08 whereby it found and determined that the Preliminary Limited Offering Memorandum for the Series 2021 MIA Bonds, dated April 22, 2021 (the "Preliminary Limited Offering Memorandum") was approved in form and content, with such changes, addenda, supplements, or amendments as may be approved by the City Manager, Finance Director, financial advisor, counsel or bond counsel to the City. The Preliminary Limited Offering Memorandum was "deemed final" (as that term is defined in 17 C.F.R. Section 240.15c2-12) on April 22, 2021, the date it was made public, such deeming as final is hereby ratified, confirmed and approved. The final Limited Offering Memorandum (the "Limited Offering Memorandum") is hereby approved and adopted with such changes and alteration therein as the Mayor, Mayor Pro Tem, the City Manager, the Finance Director, the City Secretary, and other appropriate officials of the City may approve, such approval to be conclusively evidenced by the delivery thereof. The Limited Offering Memorandum as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor or Mayor Pro Tem, and the Underwriter, may be used by the Underwriter in the offering and sale of the Series 2021 MIA Bonds. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of the meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Series 2021 MIA Bonds is hereby ratified, approved and confirmed. Notwithstanding the execution, approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor or Mayor Pro Tem, the Mayor or Mayor Pro Tem and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to the Manor Heights Public Improvement District, the Developer or its financial ability, any builders, any landowners, or the appraisal of the property in the District.

SECTION 6. Approval of Continuing Disclosure Agreement of the Issuer. That certain Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between the City, P3Works, LLC (as the "PID Administrator") and UMB Bank, N.A. (as the "Dissemination Agent") is hereby authorized and approved in substantially final form attached hereto as Exhibit D and incorporated herein for all purposes and the Mayor or the Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Mayor or the Mayor Pro Tem, such approval to be evidenced by the execution thereof.

SECTION 7. Additional Actions. The Mayor, the Mayor Pro Tem, the Finance Director, the City Manager, and the City Secretary are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Series 2021 MIA Bonds in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the Finance Director, the City Manager, and the City Secretary

are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Series 2021 MIA Bonds and the carrying out of the purposes and intent of this Ordinance.

SECTION 8. Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 9. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 11. Construction of Terms. If appropriate in the context of this Ordinance, words of the plural shall be considered to include the singular, and words of the masculine, feminine or neutral gender shall be considered to include the other genders.

SECTION 12. Effective Date. This Ordinance is passed on one reading as authorized by Texas Government Code, Section 1201.028, as amended, and shall be effective immediately upon its passage and adoption.

SECTION 13. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

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PASSED, APPROVED AND EFFECTIVE THIS 5TH DAY OF MAY, 2021.

Dr. Larry Wallace Jr., Mayor
City of Manor, Texas

ATTEST:

Lluvia T. Almaraz, City Secretary
City of Manor, Texas

[CITY SEAL]

EXHIBIT A
INDENTURE OF TRUST

INDENTURE OF TRUST

By and Between

CITY OF MANOR, TEXAS

and

**UMB BANK, N.A.,
as Trustee**

DATED AS OF MAY 1, 2021

SECURING

**\$ _____,
CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

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EXHIBIT A Form of Series 2021 MIA Bond A-1
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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of May 1, 2021 is by and between the CITY OF MANOR, TEXAS (the “*City*”), and UMB BANK, N.A., as trustee (together with its successors, the “*Trustee*”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition (the “*Petition*”) was submitted by Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company, and filed with the City Secretary of the City (the “*City Secretary*”) on September 10, 2018, pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “*PID Act*”), requesting the creation of a public improvement district located in the City to be known as the Manor Heights Public Improvement District (the “*District*”); and

WHEREAS, the Petition contained the signatures of the owners of taxable property representing more than fifty-percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Travis Central Appraisal District, and the signatures of property owners who own taxable real property that constitutes more than fifty-percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on November 7, 2018 after due notice, the City Council of the City (“*City Council*”) held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2018-10 adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on November 9, 2018 the City published notice of its authorization of the creation of the District in the *Manor Community News*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the creation of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after November 9, 2018; and

WHEREAS, on October 7, 2020, after due notice, the City Council held a public hearing in the matter required by law on the advisability of adding additional land to the boundaries of the District; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2020-11 adopted by a majority of the members of the City Council, authorized adding additional land to the boundaries of the District; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, filed proposed “Assessment Rolls” for the District with the City Secretary and made the proposed Assessment Rolls subject to public inspection, and also directed and caused the City Secretary to publish notice of a public hearing on May 5, 2021 in the *Manor Journal*, a newspaper of general circulation in the City, for the consideration of the proposed “Improvement Area #1-2 Assessments” and the “Major Improvement Area Assessments” (collectively, the “*Assessments*”) and the “Service and Assessment Plan,” and to, on the same date, mailed notice of the public hearing to the last known address of each property owner liable for such assessments; and

WHEREAS, on May 5, 2021, the City Council convened the public hearing, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to make any objection to the proposed Assessment Rolls and the Assessments; and

WHEREAS, at the May 5, 2021 public hearing referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs (defined herein), the Assessment Rolls, or the levy of the Assessments; and

WHEREAS, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City Secretary or the City, the City Council closed the hearing; and

WHEREAS, on May 5, 2021, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted Ordinance No. 2021-___ (the “*Assessment Ordinance*”) and therein levied the Improvement Area #1 Assessments, Improvement Area #2 Assessments and Major Improvement Area Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Major Improvement Area Assessments for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects (defined herein), (ii) paying interest on the Series 2021 MIA Bonds (defined herein) during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such series of Bonds (defined herein) to be entitled “City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)” (the “*Series 2021 MIA Bonds*”), such Series 2021 MIA Bonds being payable solely from the Trust Estate (defined herein), consisting primarily of the Major Improvement Area Assessment Revenue (defined herein) and other funds pledged under this Indenture to the payment of Series 2021 MIA Bonds and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created and to serve as Trustee upon the terms set forth in this Indenture.

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners (defined herein) thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “*Trust Estate*”):

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof; and

THIRD GRANTING CLAUSE

Any and all proceeds and products of the foregoing property described in the above granting clauses;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and ratable benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, if and to the extent that Major Improvement Area Assessments have been prepaid, the lien on the real property associated with such Prepayment shall be released and the rights of the Trustee and Owners under this Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released real property shall terminate;

FURTHER PROVIDED, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or redemption price of and the interest on all the Bonds at the times

and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect; and

IN ADDITION, the Bonds are special obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Trust Estate.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

“10% or Greater Manner” shall have the meaning assigned to such term in Section 4.5(a).

“*Account*” means any of the accounts established pursuant to Section 6.1 of this Indenture.

“*Actual Costs*” means, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; (6) to implement, administer, and manage the above-described activities; and (7) for the creation of the District and the costs of the issuance of the Bonds. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

“*Additional Interest Rate*” means the incremental interest rate charged on the Major Improvement Area Assessments securing the Bonds, in excess of the interest rate charged on the Bonds, in the amount of one-half of one percent (0.50%) as authorized pursuant to the PID Act.

“*Additional Interest Reserve Account*” means the Account established pursuant to Section 6.1 hereof.

“*Additional Interest Reserve Requirement*” means, initially, an amount equal to 5.5% of the par amount of the Outstanding Bonds which will be funded from the payment of the Additional Interest deposited to the Pledged Revenue Fund.

“*Additional Obligations*” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Major Improvement Area Assessments securing the Bonds, levied against property within the Major Improvement Area of the District in accordance with the PID Act.

“*Administrative Fund*” means that Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

“*Administrator*” means P3Works, LLC, unless and until a different Administrator is designated by the City and if no Administrator is designated, the City.

“*Annual Collection Costs*” means, with respect to the Major Improvement Area, the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of the Bonds, and the construction, operation and maintenance of the Major Improvement Area Projects, 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 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 the Bonds; (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 administration of a reimbursement agreement and the issuance and sale of the Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Amounts collected for Annual Collection Costs but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“*Annual Debt Service*” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“*Annual Installment*” means, with respect to the Major Improvement Area Assessments, the annual installment payments of a Major Improvement Area Assessment calculated by the Administrator and approved by the City Council, including: (i) principal; (ii) interest; (iii) Annual Collection Costs; and (iv) the Additional Interest.

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

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

“*Assessed Property*” means each respective Parcel of land located within the Major Improvement Area, other than Non-Benefited Property, against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Assessment(s)*” means the aggregate assessments shown on the Major Improvement Area Assessment Roll, which is Exhibit J to the Service and Assessment Plan. The singular of such term means the assessment levied against an Assessed Property, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“*Assessment Ordinance*” means Ordinance No. 2021-___ adopted by the City Council on May 5, 2021 that levied the Assessments on the Assessed Properties.

“*Assessment Revenue*” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“*Assessment Roll*” or “*Assessment Rolls*” means collectively or separately as applicable, the Assessment Rolls for the Assessed Properties within the District, included in the Service and Assessment Plan as Exhibit F for Improvement Area #1, as Exhibit H for Improvement Area #2, and as Exhibit J for Major Improvement Area, or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments, 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 the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“*Authorized Denomination*” means \$100,000 and any integral multiple of \$5,000 in excess thereof, or such smaller amount authorized by Section 4.5(c); *provided, however*, that upon receipt by the Paying Agent/Registrar of written evidence that the Bonds have received an Investment Grade Rating, Authorized Denomination shall mean \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. With

respect to Bonds issued other than the Series 2021 MIA Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Bonds.

“*Authorized Improvements*” means those public improvements, including the Major Improvements, the Improvement Area #1 Improvements and the Improvement Area #2 Improvements, authorized by Section 372.003 of the PID Act, including those listed in Section III and Exhibit C and depicted in Exhibit O of the Service and Assessment Plan.

“*Bond Counsel*” means Bickerstaff Heath Delgado Acosta LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“*Bond Date*” means the date designated as the initial date of the Series 2021 MIA Bonds by Section 3.2(a) of this Indenture.

“*Bond Fund*” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 hereof.

“*Bond Ordinance*” means Ordinance No. 2021-____ adopted by the City Council on May 5, 2021, authorizing the issuance of the Series 2021 MIA Bonds pursuant to this Indenture.

“*Bond Year*” means the one-year period beginning on September 15 in each year and ending on September 14 in the following year.

“*Bonds*” or “*Bond*” means all bonds or any bond authorized by the bond ordinance and issued in accordance with this Indenture, including the Series 2021 MIA Bonds, Refunding Bonds, Future Improvement Area Bonds, and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close.

“*Certification for Payment*” means a certification for payment substantially in the forms of Exhibit D attached to the Financing Agreement executed by Forestar (USA) Real Estate Group, Inc. and submitted to the City and approved by the City Representative, specifying the amount of work performed and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in accounts of the Project Fund as further described in the Financing Agreement and Section 6.5 herein.

“*City*” means the City of Manor, Texas.

“*City Certificate*” means a certificate signed by the City Representative and delivered to the Trustee certifying that the Trustee is authorized to take the action specified in the City Certificate, and a form of City Certificate is included as *Exhibit B* to this Indenture.

“*City Council*” shall have the meaning ascribed to such term in the recitals hereof.

“*City Engineer*” means the civil engineer or firm of civil engineers selected by the City to perform the duties set forth herein and in the Financing Agreement.

“*City Improvements Account*” means the Account of such name established pursuant to Section 6.1.

“*City Representative*” means any official or agent of the City authorized by the City Council to undertake the action referenced herein.

“*Closing Date*” means the date of the initial delivery of and payment for the applicable Series of Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

“*Continuing Disclosure Agreements*” or “*Continuing Disclosure Agreement*” means both, or either of, the Continuing Disclosure Agreements by and between the City, the Administrator and the Dissemination Agent with respect to the Series 2021 MIA Bonds, and by and between Forestar (USA) Real Estate Group, Inc., the Administrator and the Dissemination Agent, with respect to the Series 2021 MIA Bonds.

“*County*” means Travis County, Texas.

“*Defeasance Securities*” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

“*Delinquent Collection Costs*” means for an Assessed Property, 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.

“*Designated Payment/Transfer Office*” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Austin, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“*Developer*” means Forestar (USA) Real Estate Group, Inc., a Delaware corporation.

“*Developer Improvement Account*” means the Account of such name established pursuant to Section 6.1.

“*Development Agreement*” means the agreement titled the “Development Agreement,” and which was entered into by and between the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company on November 7, 2018, as assigned to Forestar (USA) Real Estate Group, Inc. on October 31, 2019, as amended on November 6, 2019, and as further amended on October 21, 2020.

“*Dissemination Agent*” means UMB Bank, N.A., and its successors.

“*District*” shall have the meaning set forth in the first recital.

“*District Administration Account*” means the Account established by Section 6.1 hereof.

“*DTC*” means The Depository Trust Company of New York, New York, or any successor securities depository.

“*DTC Participant*” means brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions.

“*Event of Default*” shall have the meaning, with respect to this Indenture, set forth in Section 11.1 hereof.

“*Excess Additional Interest Reserve Amount*” shall have the meaning set forth in Section 6.7(e) hereof.

“*Financing Agreement*” means the “*Manor Heights Public Improvement District Financing and Reimbursement Agreement*” between the City and the Developer, and consented to by RHOFF, LLC and by Continental Homes of Texas, L.P., effective as of _____, 2021, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2021 MIA Bonds and the Improvement Area #1-2 Bonds and the payment of Actual Costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of Actual Costs to the Developer from the proceeds of the Series 2021 MIA Bonds and the Improvement Area #1-2 Bonds for funds advanced by the Developer and used to pay Actual Costs of Authorized Improvements and other matters related thereto.

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

“*Fund*” means any of the funds established pursuant to Section 6.1 of this Indenture.

“*Future Improvement Area Bonds*” means bonds issued to fund Authorized Improvements (or a portion thereof) in a Future Improvement Area. In connection with the Future Improvement Area Bonds, Assessments will be levied only on Parcels located within the Future Improvement Area in question.

“*Future Improvement Area Improvements*” means the Authorized Improvements in the Future Improvement Areas.

“*Future Improvement Areas*” means the property within the Major Improvement Area of the District, consisting of approximately 383.102 acres within the District. Future Improvement

Areas may be developed in phases after Improvement Area #1 and Improvement Area #2 of the Project. The Future Improvement Areas are subject to adjustment and are shown for example only.

“*Improvement Area #1*” means the area to be developed within the District, that is described by metes and bounds in Exhibit A-2 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-2 to the Service and Assessment Plan.

“*Improvement Area #1 Assessments*” means the Assessments levied on Improvement Area #1.

“*Improvement Area #1-2 Bonds*” means those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) that are secured by actual revenues received by or on behalf of the City from the collection of the Improvement Area #1 Assessments and the Improvement Area #2 Assessments.

“*Improvement Area #2*” means the area to be developed within the District, that is described by metes and bounds in Exhibit A-3 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-3 to the Service and Assessment Plan.

“*Improvement Area #2 Assessments*” means the Assessments levied on Improvement Area #2.

“*Indenture*” means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

“*Independent Appraisal*” means, in establishing the appraised value, (i) the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a specific Future Improvement Area or the District, as applicable, for which the Future Improvement Area Bonds are to be issued as established by publicly available data from the county appraisal district, (ii) an “as-complete” appraisal delivered by an independent appraiser licensed in the State of Texas, which appraisal shall assume completion of the Authorized Improvements to be funded with the Future Improvement Area Bonds, (iii) a certificate delivered to the City by a qualified independent third party (which party may be the Administrator or a licensed appraiser) certifying on an individual lot type basis, the value of each lot in the Future Improvement Area or District, as applicable, for which such Future Improvement Area Bonds are to be issued based on either (x) the average gross sales price (which is the gross amount including escalations and reimbursements due to the seller of the lots) for each lot type based on closings of lots in the Future Improvement Area for which such Future Improvement Bonds are to be issued or any preceding Future Improvement Areas of the District for which PID Bonds have been issued to fund Authorized Improvements or (y) the sales price in the actual lot purchase contracts in the Future Improvement Area for which the Future Improvement Area Bonds are to be issued.

“*Independent Financial Consultant*” means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest,

direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City or related by consanguinity or affinity to any such officer or employee, but who may be regularly retained to make reports to the City.

“*Initial Bond*” means, with respect to the Series 2021 MIA Bonds, the Initial Series 2021 MIA Bond, and with respect to any other Series of Bonds, the initial bond set forth in the applicable Supplemental Indenture.

“*Initial Series 2021 MIA Bond*” means the Initial Series 2021 MIA Bond as set forth in *Exhibit A* to this Indenture.

“*Interest Payment Date*” means the date or dates upon which interest on the Series 2021 MIA Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing [] 15, 202_.

“*Investment Grade Rating*” means a rating on the Bonds, assigned by a Rating Agency in one of such Rating Agency's four highest categories for long-term debt instruments (without regard for gradation within a rating category and without regard for credit enhancement unless such credit enhancement extends through the final maturity date of the Bonds) or otherwise designated as investment grade by a Rating Agency.

“*Investment Securities*” means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and that at the time made are included in and authorized by the City's official investment policy as approved by the City Council from time to time.

“*Landowner*” or “*Landowners*” means, collectively, Forestar (USA) Real Estate Group, Inc., a Delaware corporation, RHOF, LLC, a Texas limited liability company, and Continental Homes of Texas, L.P., a Texas limited partnership, and any successor and assigns, or if Landowner's interest in property located in the District is transferred, in whole or in part, in any manner, the subsequent landowner(s) or the successors(s) or assign(s) of such subsequent landowner.

“*Less Than 10% Manner*” shall have the meaning assigned to such term in Section 4.5(a).

“*MIA Costs of Issuance Account*” means the Account established pursuant to Section 6.1 hereof.

“*MIA Improvements Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Major Improvement Area*” means the area in the District to be developed that is described by metes and bounds in Exhibit A-4 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-4 to the Service and Assessment Plan.

“*Major Improvement Area Assessed Property*” means each respective Parcel of land located within Major Improvement Area of the District, other than Non-Benefited Property,

against which a Major Improvement Area Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Major Improvement Area Assessment(s)*” means the aggregate assessments shown on the Major Improvement Area Assessment Roll. The singular of such term means the assessment levied against a Major Improvement Area Assessed Property, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of a Major Improvement Area Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“*Major Improvement Area Assessment Revenue*” means monies collected by or on behalf of the City from any one or more of the following: (i) a Major Improvement Area Assessment levied against a Major Improvement Area Assessed Property, or Annual Installment payment thereof, including any interest on such Major Improvement Area Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“*Major Improvement Area Assessment Roll*” means the Assessment Roll attached as Exhibit J to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Major Improvement Area Assessment against each Major Improvement Area Assessed Property related to the Bonds and the Major Improvement Area Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“*Major Improvement Area Projects*” means the Major Improvement Area’s allocable share of the Major Improvements.

“*Major Improvement Area Reimbursement Agreement*” means the Reimbursement Agreement, effective as of _____, 2021, by and between the City and the Developer that provides for reimbursement of a portion of the Actual Costs of the Major Improvement Area Projects, plus interest, not paid to Developer from the Series 2021 MIA Bonds to be paid to the Developer from Major Improvement Area Assessments.

“*Major Improvements*” means the improvements and associated soft costs that benefit the entire District and are allocated pro rata to Improvement Area #1, Improvement Area #2, and the Major Improvement Area based on estimated buildout value, and are more specifically described in Section III.A of the Service and Assessment Plan, and which are to be financed with the Series 2021 MIA Bonds and the Improvement Area #1-2 Bonds.

“*Maximum Annual Debt Service*” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“*Non-Benefited Property*” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefitted Property at the time the Assessments (1) are imposed or (2) are reallocated pursuant to a subdivision of a Parcel that is not assessed.

“*Outstanding*” means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.11 herein.

“*Owner*” or “*Holder*” means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.13 herein.

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

“*Paying Agent/Registrar*” means initially the Trustee, or any successor thereto as provided in this Indenture.

“*Person*” or “*Persons*” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“*PID Act*” means Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“*PID Bonds*” means the Bonds and any other bonds issued by the City and secured by Assessments levied on Assessed Properties within the District.

“*Pledged Funds*” means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but only with respect to such accounts of the Project Fund created pursuant to the terms of this Indenture, excluding the Developer Improvement Account), the Reserve Fund, and the Redemption Fund.

“*Pledged Revenue Fund*” means that fund established pursuant to Section 6.1 hereof and administered pursuant to Section 6.3 herein.

“*Pledged Revenues*” means the sum of (i) Major Improvement Area Assessment Revenue (other than Delinquent Collection Costs); (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“*Prepayment*” means the payment of all or a portion of a Major Improvement Area Assessment, with interest that has accrued to the date of prepayment, 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 Major Improvement Area Assessment.

“*Principal and Interest Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Project Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“*Purchaser*” means, with respect to a Series of Bonds, the initial underwriter of such Bonds.

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

“*Rating Agency*” means each of Moody's Investors Service, Inc., S&P Global Ratings, Fitch Ratings Inc., Kroll Bond Rating Agency, Inc., and any other nationally recognized statistical rating organization recognized as such by the SEC.

“*Rebate Amount*” has the meaning ascribed to such term in section 1.148-1(b) of the Regulations.

“*Rebate Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“*Record Date*” means the close of business on the last calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“*Redemption Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

“*Redemption Price*” means 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

“*Refunding Bonds*” means Bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate issued pursuant to Section 3.6 hereof, as more specifically described in a Supplemental Indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“*Register*” means the register specified in Article III of this Indenture.

“*Regulations*” shall have the meaning set forth in Section 7.5(a) hereof.

“*Reimbursement Fund*” means that fund established pursuant to Section 6.1 and administered in Section 6.12 herein.

“*Reserve Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Reserve Account Requirement*” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date therefor, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date therefor, or (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$[], which is an amount equal to Maximum Annual Debt Service on the Bonds as of the Closing Date therefor.

“*Reserve Fund*” means that fund established pursuant to Section 6.1 and administered in Section 6.7 herein.

“*SEC*” means the United States Securities and Exchange Commission.

“*Series*” means any designated series of Bonds issued under this Indenture.

“*Series 2021 MIA Bonds*” means those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) that are secured by actual revenues received by or on behalf of the City from the collection of Major Improvement Area Assessments levied against Major Improvement Area Assessed Property, or the Annual Installments thereof, for the Major Improvement Area.

“*Service and Assessment Plan*” means the document, including the Assessment Rolls, as amended, which is attached as Exhibit A to the Assessment Ordinance, as same is amended and updated from time to time.

“*Sinking Fund Installment*” means the amount of money to redeem or pay at maturity the principal of Series 2021 MIA Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“*Stated Maturity*” means the date the Bonds are scheduled to mature without regard to any redemption or prepayment.

“*Supplemental Indenture*” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

“*Tax Certificate*” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Series 2021 MIA Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date for the Series 2021 MIA Bonds which establish that it is not expected that the proceeds of the Series 2021 MIA Bonds will be used in a manner that would cause the interest on such Series 2021 MIA Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

“*Trust Estate*” means the Trust Estate described in the granting clauses of this Indenture.

“*Trustee*” means UMB Bank, N.A., Austin, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as Trustee hereunder and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

“*Value to Lien Ratio*” means with respect to any Future Improvement Area Bonds, the ratio of the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a Future Improvement Area or the District, as applicable, for which Future Improvement Area Bonds are issued, based on an Independent Appraisal, to the sum of (i) the principal amount of the Future Improvement Area Bonds to be issued to fund all or a portion of the costs of the Authorized Improvements in the Future Improvement Area or the District, as applicable, (ii) the principal amount of any Outstanding PID Bonds issued to fund all or a portion of the cost of Authorized Improvements in or allocable to the Future Improvement Area or the District, as applicable, and (iii) principal amount of special assessments levied on a specific assessed parcel or assessed parcels, as applicable, in or allocable to the Future Improvement Area or the District, as applicable, which special assessments are not pledged as security for PID Bonds.

Section 1.2. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization and government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE II THE BONDS

Section 2.1. Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

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

Section 2.2. Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a

part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Series 2021 MIA Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and general laws of the State of Texas, including particularly the PID Act, as amended. The Series 2021 MIA Bonds shall be issued in the aggregate principal amount of \$_____ for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Series 2021 MIA Bonds shall be dated May 1, 2021 (the “*Bond Date*”) and shall be issued in Authorized Denominations. Upon the receipt of an Investment Grade Rating on the Series 2021 MIA Bonds, the City shall promptly notify the Dissemination Agent in writing of such rating change and shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the Municipal Securities Rulemaking Board and to forward such notice to the Paying Agent/Registrar and to the Trustee. The Dissemination Agent shall file such notice and forward the same to the Paying Agent/Registrar and to the Trustee immediately following the day on which it receives written notice of such occurrence from the City. Any such notice is required to be filed within ten (10) Business Days of the occurrence of the receipt of the Investment Grade Rating. Upon receipt by the Paying Agent/Registrar of written evidence that the Series 2021 MIA Bonds have received an Investment Grade Rating, beneficial ownership in the Series 2021 MIA Bonds may be acquired in principal denominations of \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. The Series 2021 MIA Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Series 2021 MIA Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Series 2021 MIA Bond from the later of the date of initial delivery of the Series 2021 MIA Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing [] 15, 202__ computed on the basis of a 360-day year of twelve 30-day months.

(c) The Series 2021 MIA Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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[INSERT TABLE]

(d) The Series 2021 MIA Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Series 2021 MIA Bond set forth in *Exhibit A* to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Series 2021 MIA Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2021 MIA Bonds and, upon payment of the purchase price of the Series 2021 MIA Bonds, shall deliver the Series 2021 MIA Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (1) a certified copy of the Assessment Ordinance;
- (2) a certified copy of the Bond Ordinance;
- (3) a copy of the executed Financing Agreement;
- (4) a copy of the executed Major Improvement Area Reimbursement Agreement;
- (5) a copy of this Indenture executed by the Trustee and the City;
- (6) a City Certificate directing the authentication and delivery of the Series 2021 MIA Bonds, describing the Series 2021 MIA Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2021 MIA Bonds are to be delivered, stating the purchase price of the Series 2021 MIA Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;
- (7) a copy of the executed opinion of Bond Counsel; and
- (8) the approving opinion of the Attorney General of the State and the State Comptroller’s registration certificate.

(b) This Section applies only to the Bonds, if any, issued after the Series 2021 MIA Bonds. Each Series of Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Bonds and, upon payment of the purchase price of such Series of Bonds, shall deliver such Series of Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (1) the items described in Section 3.3(a)(1), (3), (4), and (5) above;
- (2) a certified copy of the ordinance of the City Council authorizing the issuance of such Series of Bonds and all actions necessary therefor;
- (3) an original executed counterpart of the Supplemental Indenture for such Series of Bonds that establishes, 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 Bonds, which such terms shall include a deposit into the Reserve Account of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds and the Bonds then proposed to be issued;
- (4) a copy of the opinion of Bond Counsel required by Section 10.1 hereof;
- (5) a City Certificate, including the requisite information as set forth in Section 3.3(a)(6) above, to the effect that the issuance of such Series of Bonds complies with the requirements contained herein and in each Supplemental Indenture;
- (6) the City Representative shall certify to the Trustee in writing 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 herein or in any Supplemental Indenture;
- (7) evidence reasonably satisfactory to the Trustee that the principal (including sinking fund installments) of such Bonds is scheduled to mature on September 15 of the years in which principal is scheduled to mature; and
- (8) evidence reasonably satisfactory to the Trustee that the interest on such Bonds is scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, that continues for thirty (30) days or more thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date*," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture, or with respect to, said Bond. If any Bond shall not be presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the City such funds theretofore held by it for payment of such Bonds. Thereafter, the registered Owner of that Bond shall look only to the City for payment and then only to amounts so received by the City. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

(e) In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is not a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem of the City and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, each Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that each Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On each Closing Date, one Initial Bond representing the entire principal amount of all of the Bonds of such Series, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem of the City and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for such Initial Bond, the Trustee shall cancel the Initial Bond and, upon City Certificate, deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the applicable Series of Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the City reserves the right to incur debt payable solely from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political

subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 15 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 15 and September 15. 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.

(c) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 3.6 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 the items required by Section 3.3(b) above.

Section 3.7. Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register, and, upon written request from the City, file with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is

hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(h) Following the delivery and registration of the Initial Bond of a given Series and pending the preparation of definitive Bonds for such Series of Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

Section 3.9. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.10. Temporary Bonds

(a) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(b) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.11. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the City shall issue and the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its

discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.12. Book-Entry Only System.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the Closing Date for the applicable Series of Bonds, the definitive Bonds of such Series of Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.14. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

Section 3.15. Use of Book-Entry-Only System Not Required.

Notwithstanding any provision of this Indenture to the contrary, any Supplemental Indenture may provide that a Series of Bonds will not be issued in book-entry-only form and that Sections 3.12 – 3.14 of this Indenture will not apply to such Series of Bonds.

ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Series 2021 MIA Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds other than the Bonds shall be subject to redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Series 2021 MIA 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 pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Series 2021 MIA Bonds Maturing September 15, 20

[INSERT TABLE]

Term Series 2021 MIA Bonds Maturing September 15, 20

[INSERT TABLE]

(a) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subsections (c) through (d) of this Section 4.2, the Trustee shall select by lot, a principal amount of Series 2021 MIA Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2021 MIA Bonds to be redeemed on such mandatory sinking fund redemption date, shall call such Series 2021 MIA Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(b) The principal amount of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Series 2021 MIA Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 MIA Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(c) The Sinking Fund Installments of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 MIA Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, hereof, and not previously credited to a mandatory sinking fund redemption, as follows:

(i) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or

(ii) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bonds in the inverse order of mandatory sinking fund redemption dates.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Series 2021 MIA Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

(a) The City reserves the right and option to redeem the Series 2021 MIA Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, 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 Section 6.7(c)), transfers to the Redemption Fund made pursuant to Section 6.3(d), 6.3(e), 6.7(a), 6.7(c), 6.7(e), or 6.7(i) hereof, or as a result of unexpended amounts transferred from the MIA Improvements Account of the Project Fund as provided in Section 6.5(d). The City shall notify the Trustee in writing at least forty-five (45) days before the scheduled extraordinary option redemption date fixed by the City, or such other time period as the Trustee and the City shall mutually agree.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Series 2021 MIA Bonds.

(b) In lieu of redeeming the Series 2021 MIA Bonds with the funds described in this Section, the City may purchase the Series 2021 MIA Bonds in the open market of the maturity to be redeemed at the price not in excess of that provided in Section 4.7.

Section 4.5. Partial Redemption.

(a) If less than all of the Series 2021 MIA Bonds are called for optional redemption or extraordinary optional redemption pursuant to Sections 4.3 and 4.4, respectively, hereof, the Series 2021 MIA Bonds or portion of a Series 2021 MIA Bond of any one maturity to be redeemed shall be selected in the following manner:

(i) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 MIA Bonds and a portion of all Outstanding Series 2021 MIA Bonds shall be redeemed in the principal amount allocated to such Series 2021 MIA Bonds (the “10% or Greater Manner”); and

(ii) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the Outstanding Series 2021 MIA Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Series 2021 MIA Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Series 2021 MIA Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Series 2021 MIA Bond by \$5,000.

(b) A portion of an Outstanding Series 2021 MIA Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 MIA Bond of a maturity is selected for redemption pursuant to subsection 4.5(a) hereof, the Trustee shall select the Outstanding Series 2021 MIA Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Series 2021 MIA Bond as though it were a single Series 2021 MIA Bond for purposes of selection for redemption. No redemption shall result in a Series 2021 MIA Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of the Outstanding Series 2021 MIA Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Series 2021 MIA Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

(c) Upon surrender of any Series 2021 MIA Bond for redemption in part, the Trustee in accordance with Section 3.8 of this Indenture, shall authenticate and deliver and exchange the Series 2021 MIA Bond or Series 2021 MIA Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 MIA Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 MIA Bond representing the unredeemed balance of such Series 2021 MIA Bond shall be issued to the Owner thereof, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Series 2021 MIA Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 MIA Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Series 2021 MIA Bonds are to be surrendered for payment, and, if less than all the Series 2021 MIA Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Series 2021 MIA Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Series 2021 MIA Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 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 Series 2021 MIA Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written notice of such rescission from the City, the Trustee shall

mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Series 2021 MIA Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 MIA 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 Series 2021 MIA Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 MIA Bonds have not been redeemed.

Section 4.7. Purchase Price for Series 2021 MIA Bonds.

Upon receipt of written notice from the City specifying the Series 2021 MIA Bonds to be purchased, the Trustee shall apply moneys available for redemption to the purchase of Series 2021 MIA Bonds which were otherwise to be redeemed in such order or priority and subject to such restrictions as may be prescribed in this Indenture in the manner provided in this Section. The purchase price paid by the Trustee on behalf of the City (excluding accrued and unpaid interest but including any brokerage and other charges) for any Series 2021 MIA Bond purchased by the City pursuant to this Section shall not exceed the principal amount of such Series 2021 MIA Bond.

Section 4.8. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Series 2021 MIA Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Series 2021 MIA Bonds being redeemed.

(b) Upon presentation and surrender of any Series 2021 MIA Bond called for redemption at the designated corporate trust office of the Trustee (initially, Austin, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Series 2021 MIA Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.9. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Series 2021 MIA Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Series 2021 MIA Bonds or the principal of and interest on such Series 2021 MIA Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Series 2021 MIA Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Series 2021 MIA Bonds are presented and surrendered for payment on such date.

ARTICLE V
FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Series 2021 MIA Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Trustee, and the Assignment to appear on each of the Series 2021 MIA Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Series 2021 MIA Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Series 2021 MIA Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Series 2021 MIA Bonds.

(c) The definitive Series 2021 MIA Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Series 2021 MIA Bonds, as evidenced by their execution thereof.

(d) The Initial Series 2021 MIA Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) The form of each Series of Bonds other than the Series 2021 MIA Bonds shall be set forth in the applicable Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of S&P Global Market Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Series 2021 MIA Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 2021 MIA Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Series 2021 MIA Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Series 2021 MIA Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Series 2021 MIA Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Series 2021 MIA Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Series 2021 MIA Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 5.4. Statement of Insurance.

A statement relating to municipal bond insurance policy, if any, to be issued for the Series 2021 MIA Bonds may be printed on or attached to each Series 2021 MIA Bond.

ARTICLE VI
FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Redemption Fund;
- (v) Reserve Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Account(s) are hereby created and established under the Bond Fund:

- (A) Capitalized Interest Account; and
- (B) Principal and Interest Account.

(ii) The following Account(s) are hereby created and established under the Project Fund:

- (A) MIA Improvements Account;
- (B) City Improvements Account; and

(C) MIA Costs of Issuance Account.

(iii) If the City Representative provides written instruction to the Trustee, the Trustee shall open a Developer Improvement Account under the Project Fund, and the funds held therein shall not be Pledged Funds or part of the Trust Estate. The Developer Improvement Account shall be maintained and used for the purposes, and in accordance with the provisions, stated in the following Section 6.5 of this Indenture.

(iv) The following Account(s) are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

(c) (Each Fund (and each Account and each subaccount, if any) created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

(d) Except as otherwise provided herein, interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Series 2021 MIA Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Capitalized Interest Account of the Bond Fund: _____;

(ii) to the Reserve Account of the Reserve Fund: \$_____ which is equal to the initial Reserve Account Requirement;

(iii) to the Administrative Fund: \$_____;

(iv) to the MIA Costs of Issuance Account of the Project Fund: \$_____;

(v) to the City Improvements Account of the Project Fund: \$_____;
and

(vi) to the MIA Improvements Account of the Project Fund: \$_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15, 2022, and on or before February 15th of each year thereafter while the Bonds are Outstanding, the City shall deposit or cause to be deposited all

Pledged Revenues with the Trustee, to the extent such Funds are not already on deposit with the Trustee. Upon the Trustee's receipt of the Pledged Revenues, the Trustee shall deposit or cause to be deposited the Pledged Revenues to be applied by the Trustee in the following order of priority:

- (i) first, to the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;
- (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 the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest to cause the amount in the Additional Interest Reserve Account to equal the Additional Interest Reserve Requirement;
- (iv) fourth, to pay other Actual Costs of the Major Improvement Area Projects; and
- (v) fifth, to pay other costs permitted by the PID Act.

Along with each transfer to the Trustee, the City shall provide a City Certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid. Any money on deposit in the Developer Improvement Account shall not be a part of the Trust Estate and is not security for the Bonds.

(b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the 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 on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds in the same manner described by Section 11.4(a) below.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit within two business days after receipt Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit within two business days after receipt Foreclosure Proceeds to the Pledged Revenue Fund and after such deposit shall transfer Foreclosure Proceeds, as directed by the City pursuant to a City Certificate, first to the Reserve Fund to restore any transfers from the accounts within the Reserve Fund made with respect to the Major Improvement Area Assessed Property or Major Improvement Area Assessed

Properties to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement, and *second*, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account of the Reserve Fund and transfer of funds pursuant to Section 6.3(a)(i) – (iv) above, the City may direct the Trustee by City Certificate to apply Major Improvement Area Assessments for any lawful purposes permitted by the PID Act for which Major Improvement Area Assessments may be applied. The Trustee may rely on such written direction of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Series 2021 MIA Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Series 2021 MIA Bonds on the following dates and in the following amounts:

Date Amount

[INSERT TABLE]

Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the MIA Improvements Account of the Project Fund, or if the MIA Improvements Account of the Project Fund has been closed as provided in Section 6.5(d) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem the Series 2021 MIA Bonds, and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the MIA Improvements Account, the City Improvements Account, the Developer Improvement Account, if such account has been established pursuant to written instruction of the City Representative, and the MIA Costs of Issuance Account of the Project Fund shall be used for the purposes specified herein.

(b) Disbursements from the MIA Improvements Account of the Project Fund to pay Actual Costs of the Major Improvement Area Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in the form attached hereto as *Exhibit B*, containing a properly executed and completed Certification for Payment. The disbursement of funds from the MIA Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5 shall be deemed to be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement, the Major Improvement Area Reimbursement Agreement (if applicable) and this Section 6.5 of the Indenture. Such provisions and procedures related to such disbursement contained in the Major Improvement Area Reimbursement Agreement are herein incorporated by reference and deemed set forth herein in full, provided the Trustee shall be protected in disbursing from the MIA Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5.

(c) Disbursements from the City Improvements Account of the Project Fund to pay the City's allocable portion of the Actual Costs of the Major Improvement Area Projects, as specified in the Service and Assessment Plan, shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in the form attached hereto as *Exhibit B*, containing a properly executed and completed Certification for Payment. The Trustee shall be protected in disbursing from the City Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5.

(d) Disbursements from the MIA Costs of Issuance Account of the Project Fund shall be made by the Trustee pursuant to and in accordance with a City Certificate providing for the application of such funds to be disbursed (with the exception of fees and expenses initially incurred by the Trustee, which may be withdrawn by the Trustee).

(e) If the City Representative reasonably determines that amounts then on deposit in the MIA Improvements Account of the Project Fund are not expected to be expended for purposes of the MIA Improvements Account due to the completion, abandonment, or constructive abandonment, of the Major Improvement Area Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the MIA Improvements Account of the Project Fund will ever be expended for the purposes of the MIA Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the MIA Improvements Account that are not expected to be used for purposes of the MIA Improvements Account. If such City Certificate is so filed, the amounts on deposit in the MIA Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with this Indenture, and the MIA Improvements Account shall be closed.

(f) If the City Representative reasonably determines that amounts then on deposit in the City Improvements Account of the Project Fund are not expected to be expended for purposes of the City Improvements Account due to the completion, abandonment, or constructive abandonment, of the Major Improvement Area Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the City Improvements Account of the Project Fund will ever be expended for the purposes of the City Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the City Improvements Account that are not expected to be used for purposes of the City

Improvements Account. If such City Certificate is so filed, the amounts on deposit in the City Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practical date after notice of redemption has been provided in accordance with this Indenture, and the City Improvements Account shall be closed.

(g) Not later than six (6) months following the Closing Date or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid and the appropriate portion of the costs incidental to the organization of the District have been paid, the amounts on deposit in the MIA Costs of Issuance Account of the Project Fund shall be transferred to the MIA Improvements Account of the Project Fund as directed by the City in a City Certificate filed with the Trustee, and the MIA Costs of Issuance Account of the Project Fund shall be closed. If the MIA Improvements Account of the Project Fund has been closed, the amounts on deposit in the MIA Costs of Issuance Account of the Project Fund, that would have been transferred to such Account under this Section 6.5(e) of the Indenture, shall be transferred, as directed by the City in a City Certificate, to the MIA Improvements Account of the Project Fund to fund additional improvements or shall be transferred to the Administrative Fund to reduce future payments for administrative expenses.

(h) Money on deposit in the Developer Improvement Account, if such an account is established pursuant to the written instruction of the City Representative, is a cash deposit securing the Developer's performance of certain obligations under the Development Agreement relating to payment for completion of the offsite wastewater improvements. Moneys on deposit in the Developer Improvement Account shall not be a part of the Trust Estate and are not security for the Bonds. Disbursement from the Developer Improvement Account shall be made by the Trustee upon receipt by the Trustee of a City Certificate, containing a properly executed and completed Certification for Payment, indicating that the funds to be disbursed are not required to be maintained in the Developer Improvement Account. The disbursement of funds from the Developer Improvement Account pursuant to a City Certificate delivered under this Section 6.5 shall be deemed to be pursuant to and in accordance with the provisions of the Development Agreement and this Section 6.5 of the Indenture. The Trustee shall be protected in disbursing funds from the Developer Improvement Account pursuant to a City Certificate delivered under this Section 6.5. If all of the money on deposit in the Developer Improvement Account is disbursed in accordance with a City Certificate delivered under this Section 6.5, the Developer Improvement Account shall be closed.

(i) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a report issued by the City Engineer or a certificate of an Independent Financial Consultant.

In providing any disbursement under this Section, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such City Certificate if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any City Certificate by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by City Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Series 2021 MIA Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Series 2021 MIA Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Reserve Account will be initially funded with a deposit of \$ _____ from the proceeds of the Series 2021 MIA Bonds and the City agrees with the Owners of the Bonds to accumulate from the deposits outlined in Section 6.3(a) hereof, and when accumulated maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. 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 as provided in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority in Section 6.3(a) hereof, an amount equal to the Additional Interest in the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than Additional Interest Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account.

(b) 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.

(c) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Redemption Fund toward payment of accrued and unpaid interest to the date of redemption on the Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount 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 on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 45 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, or (ii) to the MIA Improvements Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess (the “*Excess Additional Interest Reserve Amount*”). Such excess on deposit in the Additional Interest Reserve Account shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund in order to effect the redemption of Bonds pursuant to Section 4.4. In the event that the Trustee does not receive a City Certificate directing the transfer of the Excess Additional Interest Reserve Amount to the Administrative Fund within forty-five (45) days of providing notice to the City of such Excess Additional Interest Reserve Amount, the Trustee shall transfer the Excess Additional Interest Reserve Amount to the Redemption Fund and redeem the Bonds pursuant to extraordinary optional redemption.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Additional Interest 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.

(g) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Additional Interest Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds.

(h) If, after a Reserve Fund withdrawal, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

(i) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated “City of Manor, Texas, Rebate Fund” (the “Rebate Fund”) to be held by the Trustee in accordance with the

terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government related to the Bonds in accordance with the Code. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount instructed by City Certificate to be transferred thereto.

(b) In order to assure that the Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate. The Trustee shall withdraw from the Rebate Fund and pay to the United States the amounts instructed by City Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) hereof and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) hereof in the absence of written instructions from the City.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the Rebate Amount to the Principal and Interest Account of the Bond Fund.

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Administrative Expenses. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan.

(b) The Administrative Fund is not a Pledged Fund.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee only as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below) in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; the City Certificate shall direct investment in such deposits and investments (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or

funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted by this Indenture or to prevent any default. In the event the City does not provide written investment directions, the Trustee is instructed to invest funds into the Fidelity Treasury Money Market Fund #2016 (CUSIP 31607A406).

(b) 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 this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer shall be accomplished by transferring a like amount of Investment Securities unless the City instructs the Trustee otherwise by written direction.

(c) The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 6.11. Advances from Available Funds.

In the event of a delinquency in the payment of any installment of the Major Improvement Area Assessment levied upon any property for the payment of the principal portion of an Annual Installment, the City may, but is not obligated to, be the purchaser of the delinquent property upon which any of said Major Improvement Area Assessments are levied in like manner in which it may become the purchaser of property sold for the nonpayment of general ad valorem property taxes, and in the event the City does so become the purchaser of such property, shall pay and transfer and deposit into the Pledged Revenue Fund the amount of any remaining amount of unpaid Major Improvement Area Assessment, delinquent Major Improvement Area Assessment installments and interest thereon. The City may also pay and transfer from available funds and deposit into the Pledged Revenue Fund, but shall not be so obligated, the amount of any such Major Improvement Area Assessment pending redemption or sale. Any amounts so advanced by the City shall be recoverable upon sale or redemption of the property. The City shall not be obligated to advance available funds to cure any deficiency in the Pledged Revenue Fund, or any other Fund created

hereunder, and has determined that it would not obligate itself to advance available funds from other funds of the City to cure any such deficiency.

Section 6.12. Reserved.

Section 6.13. Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII
COVENANTS

Section 7.1. Confirmation of Major Improvement Area Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Major Improvement Area Assessments against the respective Major Improvement Area Assessed Properties from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Major Improvement Area Assessments.

(a) For so long as any Bonds are Outstanding and amounts are due to the Developer under the Major Improvement Area Reimbursement Agreement to reimburse it for the funds it has contributed to pay Actual Costs of the Major Improvement Area Projects, the City covenants, agrees and warrants that 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.

(b) 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 Assessment or the corresponding Major Improvement Area Assessed Property.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, the Pledged Funds, the Trust Estate, or any other property pledged under this Indenture, except any pledge created for the equal and ratable security of the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on the Pledged Revenues, the Pledged Funds, the Trust Estate or any other property pledged under this Indenture, except that the City may issue Future Improvement Area Bonds and Refunding Bonds in accordance with the terms of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain outstanding and unpaid, and the obligation to the Developer to reimburse it under the Major Improvement Area Reimbursement Agreement for funds it has contributed to pay Actual Costs of the Major Improvement Area Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Major Improvement Area Assessments. The Trustee and Owner or Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Issue Date.

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Issue Date*” for the tax-exempt Bonds or other obligations of the City is the respective date on which such bonds or other obligations of the City is delivered against payment therefor.

“*Net Sale Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Major Improvement Area Assessments will meet the requirements of the “tax assessment loan exception” within the meaning of section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Major Improvement Area Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Issue Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the final Computation Date. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City

separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) *Not Hedge Bonds.* The City will not invest more than 50 percent of the Proceeds of each series of the Bonds in Nonpurpose Investments having a substantially guaranteed yield for four years or more. On the Issue Date of each series of the Bonds, the City reasonably expects that at least 85 percent of the Net Sale Proceeds of each series of the Bonds will be used to carry out the governmental purpose of such series within three years after the respective Issue Date of such series.

(k) *Elections.* The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII LIABILITY OF CITY

Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the "*Bond Documents*"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or the City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE IX THE TRUSTEE

Section 9.1. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Registrar and Paying Agent for and in respect to the Bonds. The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that absent an Event of Default, the Trustee shall not request or require indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to deliver any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its

judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs, fees, expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder on amounts held in the Administrative Fund.

Section 9.3. Responsibilities of the Trustee.

(a) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Major Improvement Area of the District.

(d) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default shall have occurred and be continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(e) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof

and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(f) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or refiling of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(g) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

(h) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a Quarter in Interest of the Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(i) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of a Quarter in Interest of the Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(j) Before taking any action under this Indenture (other than making any payment of principal, premium, or interest on the Bonds), the Trustee may require that a satisfactory indemnity be furnished to it for the payment or reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which it adjudicated to have resulted from its negligence or willful misconduct.

(k) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, the Financing Agreement, and the Development Agreement, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into and shall not be deemed to have knowledge of any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor and upon transfer or in place thereof.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, upon written direction from the City, compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and

employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, upon delivery of an invoice therefor to the City, and the Trustee shall have a lien therefor on any and all funds at any time held by the Trustee (except the Rebate Fund). None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys held in the Administrative Fund and to the extent moneys in the Administrative Fund are insufficient, then from any money in its possession (except the Rebate Fund) and shall be entitled to a preference therefor over any Bonds Outstanding hereunder on amounts held by the Trustee (except the Rebate Fund). The right of the Trustee to fees, expenses, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Owners of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than 10% of the aggregate principal amount of the Bonds Outstanding.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed after any such vacancy shall have occurred by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor Trustee shall have been appointed by the Owners a Quarter in Interest of the Bonds, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process. Any duties and obligations of such predecessor Trustee shall thereafter cease and terminate, and the payment of the fees and expenses owed to the predecessor Trustee shall be paid in full.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to any Rating Agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such

appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the City, the Trustee may rely upon the initial financing statements in filing any continuation statements hereunder.

Section 9.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

Section 9.16. Offering Documentation.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

Section 9.17. Expenditure of Funds and Risk.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

Section 9.18. Environmental Hazards.

The Trustee may inform any Owner of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

The Trustee shall not be responsible or liable for the environmental condition related to the improvements to any real property or for diminution in value of the same, or for any claims by or on behalf of the owners thereof as the result of any contamination by a hazardous substance, hazardous material, pollutant, or contaminant. The Trustee assumes no duty or obligation to assess the environmental condition of any improvements or with respect to compliance thereof under State or federal laws pertaining to the transport, storage, treatment, or disposal of hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits, or licenses issued under such laws.

ARTICLE X
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of more than fifty percent (50%) of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to the pledge and lien created for the benefit of the Bonds, (iii) except as otherwise permitted by this Indenture, permit the creation by the City of any pledge or lien upon the Trust Estate on a parity with the pledge and lien created for the benefit of the Bonds, or (iv) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;
- (iv) to authorize a Series of Refunding Bonds in accordance with the provisions of this Indenture; and
- (v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the: (i) interests of the Owners in any material respect, and (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of forty-five (45) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such forty-five-day period; provided however that the Trustee during such forty-five day period and any such further period during which any such action or proceeding may be pending shall be entitled, in its sole discretion, to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient and the Trustee shall have no liability with respect to any action taken or any instance of inaction except as a consequence of its own negligence or willful misconduct.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 above, with the written consent of the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 below.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond Counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

No such amendment shall modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (a) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (b) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds, and (c) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

ARTICLE XI DEFAULT AND REMEDIES

Section 11.1. Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” to wit:

- (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;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; and
- (iv) Default in the performance or observance of any other covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of a Quarter in Interest of the Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest of the Bonds requesting that the failure be remedied.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any one or more of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this 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 this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues and Pledged Funds. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of a Quarter in Interest of the Bonds have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for sixty (60) days after such notice failed or refused to exercise the powers hereinbefore granted, 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 Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the

powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues, Pledged Funds, or 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 this Article shall, after payment of the cost 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 this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the Owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee, if previously directed in writing by Owners of a Quarter in Interest of the Bonds, shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest, if any, on the Bonds.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City shall be promptly delivered to the Trustee and cancelled. Such Bonds will not be deemed Outstanding for any purpose, including without limitation, the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of a Quarter in Interest of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with law and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, (iii) that the Trustee may still require satisfactory indemnity prior to taking such action, and (iv) that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1 Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate

in the manner and to the extent provided in this Indenture, and that the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Major Improvement Area Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, statements for 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.

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture, and which shall at all times be subject to inspection by the City during the Trustee's regular business hours and each Owner or their representatives duly authorized in writing providing reasonable notice to the Trustee.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

Section 12.4. No Israel Boycott.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Indenture with the City is a contract for goods or services, will not boycott Israel during the term thereof. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable State or federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 12.5. No Terrorist Organization.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made to solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such section does not contravene applicable State or federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

ARTICLE XIII
SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Funds, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2 Additional Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate.

(b) Other than Refunding Bonds issued to refund all or a portion of the Series 2021 MIA Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and

further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(c) Future PID Bonds Test - Future Improvement Area Bonds. Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developer for funding the Actual Costs of (i) the internal Authorized Improvements within a Future Improvement Area and/or (ii) Major Improvements not previously financed by the Series 2021 MIA Bonds that are allocable to a given Future Improvement Area. 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 15 in each of the years in which they are scheduled to mature, and the applicable requirements in the Indenture 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 any indenture of trust authorizing the issuance of PID 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 Financing Agreement, the Development Agreement, an acquisition and reimbursement agreement applicable to such Future Improvement Area or any continuing disclosure agreement entered into by Landowner and/or Developer relating to the PID Bonds, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by 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 Developer 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 Developer or such owner prior to the delinquency date thereof;

(iv) The Trustee and the City shall receive a certificate from the Developer certifying that the Authorized Improvements to be funded with the proceeds of the Future Improvement Area Bonds to be issued are at least fifty (50%) completed;

(v) The Trustee and the City shall receive a certificate from the Developer certifying that at least fifty (50%) of the assessed parcels in the 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;

(vi) With respect to Future Improvement Area Bonds to be issued for Future Improvement Areas developed after Improvement Area #1 and Improvement Area #2, the Trustee and the City shall receive a certificate from the Developer certifying that a certificate of occupancy for completed homes has been issued for at least fifty percent (50%) of the lots or residential units, as applicable, in the preceding neighborhood improvement area; and

(vii) The Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued, based on an Independent Appraisal, shall not be less than 3.0:1.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person

entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each Rating Agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds, and (v) the Trustee shall have received an opinion of Bond Counsel to the effect that (A) any Bond having been deemed to have been paid as provided in this Section is no longer Outstanding hereunder and is no longer secured by or entitled to the benefits of this Indenture, (B) such defeasance is in accordance with the terms hereof and (C) such defeasance will not adversely affect the exclusion of interest on such Bond from gross income for purposes of federal income taxation. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV
MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Manor, Texas
105 E. Eggleston Street
P.O. Box 387
Manor, Texas 78653
Attn: City Manager

Fax No.: 512.272.8792
 Email: tbolt@cityofmanor.org

With copy to:

The Knight Law Firm, LLP
 Attn: Veronica Rivera, City Attorney
 223 West Anderson Lane, Suite A-105
 Austin, Texas 78752
 Fax No.: 512.922.3004
 Email: vrivera@cityattorneytexas.com

If to the Trustee
 or the Paying Agent/Registrar:

UMB Bank, N.A.
 Attn: Jose A. Gaytan, Jr.
 6034 West Courtyard Drive, Suite 370
 Austin, Texas 78730
 Fax No.: 512.582.5855
 Email: jose.gaytan@umb.com

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(d) The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and

valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 15.8. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF MANOR, TEXAS

By: _____
Mayor

Attest:

City Secretary

[CITY SEAL]

UMB BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Series 2021 MIA Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS SERIES 2021 MIA BOND.

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20__	_____	_____

The City of Manor, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Series 2021 MIA Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing [] 15, 202_, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Series 2021 MIA Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Series 2021 MIA Bond at the corporate trust office in Austin, Texas (the “*Designated Payment/Transfer Office*”), of UMB Bank, N.A., as trustee and paying agent/registrars (the “*Trustee*”, which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Series 2021 MIA Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Series 2021 MIA Bond, the registered owner shall be the Person in whose name this Series 2021 MIA Bond is registered at the close of business on the “*Record Date*,” which shall be the last calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, that continues for 30 days or more thereafter, a new record date for such interest payment (a “*Special Record Date*”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “*Special Payment Date*,” which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Series 2021 MIA Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Series 2021 MIA Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Series 2021 MIA Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “*Series 2021 MIA Bonds*”), dated May 1, 2021 and issued in the aggregate principal amount of \$[] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of May 1, 2021 (the “*Indenture*”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Series 2021 MIA Bonds, the Trustee, and the City, and the terms upon which the Series 2021 MIA Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Series 2021 MIA Bond hereby consents. All Series 2021 MIA Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Series 2021 MIA Bonds are being issued for the purposes of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying

a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Series 2021 MIA Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Series 2021 MIA Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in Authorized Denominations.

The Series 2021 MIA Bonds are subject to mandatory sinking fund redemption prior to their respective Stated Maturities and will be redeemed by the City in part at a price equal to 100% of the principal amount thereof, or portions thereof, to be redeemed plus accrued interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Series 2021 MIA Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$ _____
September 15, 20_	_____
September 15, 20_	_____
September 15, 20_	_____
September 15, 20_*	_____

* Stated Maturity

Term Series 2021 MIA Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$ _____
September 15, 20__	_____
September 15, 20__	_____
September 15, 20__	_____
September 15, 20__	_____

* Stated Maturity

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by Section 4.2 of the Indenture, the Trustee shall select for redemption by lot, or in any manner as Trustee shall deem fair, a principal amount of Series 2021 MIA Bonds of such maturity equal to the Sinking Fund Installments of such Series 2021 MIA Bonds to be redeemed, shall call such Series 2021 MIA Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2021 MIA Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 MIA Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The Sinking Fund Installments of Series 2021 MIA Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 MIA Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, of the Indenture, and not previously credited to a mandatory sinking fund redemption, as follows:

- (i) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or

(ii) if the Series 2021 MIA Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 MIA Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 MIA Bond in the inverse order of mandatory sinking fund redemption dates.

The City reserves the right and option to redeem the Series 2021 MIA Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at 100% of the principal amount of such Series 2021 MIA Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

Series 2021 MIA Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a Redemption Price equal to at 100% of the principal amount of such Series 2021 MIA Bonds called for redemption, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

If less than all of the Series 2021 MIA Bonds are called for optional redemption or extraordinary optional redemption pursuant to Sections 4.3 and 4.4 of the Indenture, the Series 2021 MIA Bonds or portion of a Series 2021 MIA Bond of any one maturity to be redeemed shall be selected in the following manner:

(a) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 MIA Bonds and a portion of all Outstanding Series 2021 MIA Bonds shall be redeemed in the principal amount allocated to such Series 2021 MIA Bond (the “10% or Greater Manner”); and

(b) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 MIA Bonds, the Outstanding Series 2021 MIA Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

A portion of an Outstanding Series 2021 MIA Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 MIA Bond of a maturity is selected for redemption pursuant to the Indenture, the Trustee shall select the Outstanding Series 2021 MIA Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Bond as though it were a single Series 2021 MIA Bond for purposes of selection

for redemption. No redemption shall result in a Series 2021 MIA Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Series 2021 MIA Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

Upon surrender of any Series 2021 MIA Bond for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver and exchange the Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 MIA Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 MIA Bond representing the unredeemed balance of such Series 2021 MIA Bond shall be issued to the Owner thereof, such exchange being without charge. If any Series 2021 MIA Bonds are to be redeemed and such redemption results in the unredeemed portion of a single Series 2021 MIA Bond in an amount less than the Authorized Denomination, a Series 2021 MIA Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

The Trustee shall give notice of any redemption of the Series 2021 MIA Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 MIA Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Series 2021 MIA Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Series 2021 MIA Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Series 2021 MIA Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 MIA 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 Series 2021 MIA Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 MIA Bonds have not been redeemed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of Series 2021 MIA Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Series 2021 MIA Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Series 2021 MIA Bond.

As provided in the Indenture, this Series 2021 MIA Bond is transferable upon surrender of this Series 2021 MIA Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Series 2021 MIA Bond. Upon satisfaction of such requirements, one or more new fully registered Series 2021 MIA Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Series 2021 MIA Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Series 2021 MIA Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Series 2021 MIA Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Series 2021 MIA Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Series 2021 MIA Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF MANOR, TEXAS, TRAVIS COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Series 2021 MIA Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Series 2021 MIA Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Series 2021 MIA Bond to be executed under the official seal of the City.

Mayor, City of Manor, Texas

City Secretary, City of Manor, Texas
[City Seal]

(b) Form of Comptroller’s Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
	§	
THE STATE OF TEXAS	§	

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Series 2021 MIA Bond, and that this Series 2021 MIA Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

 Comptroller of Public Accounts
 of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Series 2021 MIA Bonds of the series of Series 2021 MIA Bonds referred to in the within mentioned Indenture.

UMB Bank, N.A.,
Austin, Texas, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Series 2021 MIA Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Series 2021 MIA Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Series 2021 MIA Bond in every particular and must be guaranteed in a manner acceptable to the Trustee

Authorized Signatory

(e) The Initial Series 2021 MIA Bond shall be in the form set forth in paragraphs (a), (b), (d) and (e) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Series 2021 MIA Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Series 2021 MIA Bond, the words "on the Maturity Date as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

Year Principal Amount Interest Rate"

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Series 2021 MIA Bond shall be numbered T-1.

EXHIBIT B
BOND PURCHASE AGREEMENT

[\$7,090,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

BOND PURCHASE AGREEMENT

May 5, 2021

City of Manor, Texas
 105 E. Eggleston Street
 Manor, Texas 78653

Ladies and Gentlemen:

The undersigned, FMSbonds, Inc. (the “Underwriter”), offers to enter into this Bond Purchase Agreement (this “Agreement”) with the City of Manor, Texas (the “City”), which will be binding upon the City and the Underwriter upon the acceptance of this Agreement by the City. This offer is made subject to its acceptance by the City by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture (as defined herein) between the City and UMB Bank, N.A., as trustee (the “Trustee”), authorizing the issuance of the Series 2021 MIA Bonds (as defined herein), and in the Limited Offering Memorandum (as defined herein).

1. Purchase and Sale of Series 2021 MIA Bonds. Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[7,090,000] aggregate principal amount of the “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)” (the “Series 2021 MIA Bonds”) at a purchase price of \$[_____] (representing the aggregate principal amount of the Series 2021 MIA Bonds, less an Underwriter’s discount of \$[_____]).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriter is not acting as a municipal advisor or fiduciary of the City (including, without limitation, a “municipal advisor” (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), but rather is acting solely in its capacity as Underwriter for its own account. The City acknowledges and agrees that (i) the purchase and sale of the Series 2021 MIA Bonds pursuant

to this Agreement is an arm’s length commercial transaction between the City and the Underwriter, (ii) in connection with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering described herein except the obligations expressly set forth in this Agreement, (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, (v) the Underwriter has financial and other interests that differ from those of the City, and (vi) the Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”), which have been received by the City. The City further acknowledges and agrees that following the issuance and delivery of the Series 2021 MIA Bonds, the Underwriter has indicated that it may have periodic discussions with the City regarding the expenditure of bond proceeds and the construction of the Major Improvement Area Projects (as defined in the Indenture) financed with the Series 2021 MIA Bonds and, in connection with such discussions, the Underwriter shall be acting solely as a principal and will not be acting as the agent or fiduciary of, and will not be assuming an advisory or fiduciary responsibility in favor of, the City.

The Series 2021 MIA Bonds shall be dated May 1, 2021 and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Schedule I hereto. Payment for and delivery of the Series 2021 MIA Bonds, and the other actions described herein, shall take place on May 27, 2021 (or such other date as may be agreed to by the City and the Underwriter) (the “Closing Date”).

2. Authorization Instruments and Law. The Series 2021 MIA Bonds were authorized by an ordinance enacted by the City Council of the City (the “City Council”) on May 5, 2021 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “Act”), and the Indenture of Trust, dated as of May 1, 2021, between the City and the Trustee, authorizing the issuance of the Series 2021 MIA Bonds (the “Indenture”). The Series 2021 MIA Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Series 2021 MIA Bonds and interest thereon shall be secured by the “Trust Estate” consisting primarily of revenue from proceeds of special assessments levied on the Major Improvement Area Assessed Property (the “Assessments”) of the Manor Heights Public Improvement District (the “District”).

The District was created by Resolution No. 2018-10 of the City adopted on November 7, 2018 in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Major Improvement Area Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property. The City adopted Resolution No. 2020-11 on October 7, 2020, which authorized adding additional land to the boundaries of the District (the

“Additional Land Resolution”). The District is not a separate political subdivision of the State of Texas (the “State”) and is administered by the City Council of the City (the “City Council”). The Assessments were levied in accordance with a service and assessment plan, adopted by the City Council on May 5, 2021 (the “Service and Assessment Plan”), pursuant to an ordinance (the “Assessment Ordinance” and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the “Authorizing Documents”). The Series 2021 MIA Bonds shall be further secured by certain applicable funds and accounts created pursuant to the Indenture.

The Series 2021 MIA Bonds shall be as described in Schedule I attached hereto, the Indenture, and the Limited Offering Memorandum. The proceeds of the Series 2021 MIA Bonds shall be used for (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying interest on the Series 2021 MIA Bonds during and after the period of acquisition and construction of the Major Improvement Area Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 MIA Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 MIA Bonds.

The Reserve Fund, funded at the Reserve Account Requirement, is reasonably required for the purposes for which the Reserve Fund has been established, is a vital factor in marketing the Series 2021 MIA Bonds, and facilitates the marketing of the Series 2021 MIA Bonds at interest rates comparable to those of other bonds of a similar type.

3. Limited Public Offering. The Underwriter agrees to make a bona fide limited public offering of all of the Series 2021 MIA Bonds in accordance with Section 5 hereof and to no more than thirty-five (35) persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act (as defined herein) or “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act)). On or before the third (3rd) business day prior to the Closing Date, the Underwriter shall execute and deliver to Bond Counsel (as defined herein) the Issue Price Certificate (as defined herein), in substantially the form attached hereto as Appendix B.

4. Establishment of Issue Price.

a. The Underwriter agrees to assist the City in establishing the issue price of the Series 2021 MIA Bonds and shall execute and deliver to the City on or before Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021 MIA Bonds. All actions to be taken by the City under this Section to establish the issue price of the Series 2021 MIA Bonds may be taken on behalf of the City by the City’s Financial Advisor identified herein and any notice or report to be provided to the City may be provided to the City’s Financial Advisor.

b. The Underwriter confirms that it has offered all the Series 2021 MIA Bonds of each maturity to the public on or before the date of this Agreement at the

respective offering price (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A attached hereto, except as otherwise set forth therein. At or promptly after the execution of this Agreement, the Underwriter shall report to the City on Schedule A to the issue price certificate the first price at which the Underwriter has sold to the public at least 10% of each maturity of Series 2021 MIA Bonds (the “10% test”), and shall identify to the City on Schedule A to the issue price certificate those maturities of the Series 2021 MIA Bonds for which the 10% test has not been satisfied. If different interest coupons apply within a maturity, each separate CUSIP number within that maturity will be treated as a separate maturity for this purpose.

c. The City and the Underwriter agree that the restrictions set forth in the next sentence shall apply to those maturities of the Series 2021 MIA Bonds for which the 10% test has not been met as of the date of this Agreement, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2021 MIA Bonds, the Underwriter will neither offer nor sell unsold Series 2021 MIA Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2021 MIA Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the City when the Underwriter has sold 10% of that maturity of the Series 2021 MIA Bonds to the public at a price that is no higher than the initial offering price to the public, if such sale occurs prior to the close of the fifth (5th) business day after the sale date.

d. The Underwriter confirms that any selling group agreement and any retail distribution agreement, if applicable, relating to the initial sale of the Series 2021 MIA Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Series 2021 MIA Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Series 2021 MIA Bonds of that maturity or all Series 2021 MIA Bonds of that maturity have been sold to the public as set forth in the related pricing wires and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The City acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series 2021 MIA Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution

agreement was employed in connection with the initial sale of the Series 2021 MIA Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule, if applicable to the Series 2021 MIA Bonds, and that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule if applicable to the Series 2021 MIA Bonds.

e. The Underwriter acknowledges that sales of any Series 2021 MIA Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) “public” means any person other than an underwriter or a related party to an underwriter,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021 MIA Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021 MIA Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021 MIA Bonds to the public),

(iii) a purchaser of any of the Series 2021 MIA Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Agreement by all parties.

5. Limited Offering Memorandum.

a. Delivery of Limited Offering Memorandum. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Limited Offering Memorandum for the Series 2021 MIA Bonds dated February 22, 2021, (the “Preliminary

Limited Offering Memorandum”), in a “designated electronic format,” as defined in the MSRB Rule G-32 (“Rule G-32”). The City will prepare, or cause to be prepared, a final Limited Offering Memorandum relating to the Series 2021 MIA Bonds (as more particularly defined below, the “Limited Offering Memorandum”) which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (“Rule 15c2-12”), (iii) in a “designated electronic format,” and (iv) substantially in the form of the most recent version of the Preliminary Limited Offering Memorandum provided to the Underwriter before the execution hereof, except for the inclusion of the information permitted to be excluded from the Preliminary Limited Offering Memorandum by Section (b)(1) of Rule 15c2-12. The Limited Offering Memorandum, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Series 2021 MIA Bonds are collectively referred to herein as the “Limited Offering Memorandum.” Until the Limited Offering Memorandum has been prepared and is available for distribution, the City shall provide to the Underwriter, upon request, sufficient quantities (which may be in electronic format) of the Preliminary Limited Offering Memorandum as the Underwriter reasonably deems necessary to satisfy the obligation of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer.

b. Preliminary Limited Offering Memorandum Deemed Final. The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the limited public offering, sale, and distribution of the Series 2021 MIA Bonds. The City hereby represents and warrants that the Preliminary Limited Offering Memorandum has been deemed final by the City as of its date, except for the omission of such information which is dependent upon the final pricing of the Series 2021 MIA Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

c. Use of Limited Offering Memorandum in Offering and Sale. The City hereby authorizes the Limited Offering Memorandum and the information therein contained to be used by the Underwriter in connection with the limited public offering and the sale of the Series 2021 MIA Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the limited public offering of the Series 2021 MIA Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City’s acceptance of this Agreement (but, in any event, not later than the earlier of the Closing Date or seven (7) business days after the City’s acceptance of this Agreement) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter. The City shall provide the Limited Offering Memorandum, or cause the Limited Offering Memorandum to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

d. Updating of Limited Offering Memorandum. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than the twenty-fifth (25th) day after the “end of the underwriting period” for the Series 2021 MIA Bonds), the City becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the City will notify the Underwriter promptly (and for the purposes of this clause provide the Underwriter with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the City will forthwith prepare and furnish, at no expense to the Underwriter (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Limited Offering Memorandum so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or so that the Limited Offering Memorandum will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City in accordance herewith, the City makes no representations with respect to the following information (collectively, the “Non-City Disclosures”): (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York (“DTC”), or its book-entry-only system, and (ii) the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in any maps included therein or under the captions and subcaptions “PLAN OF FINANCE — Development Plan,” “ — Home Development within the District,” “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “BOOK-ENTRY-ONLY SYSTEM,” “THE MAJOR IMPROVEMENT AREA PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “THE ADMINISTRATOR,” “APPRAISAL OF PROPERTY WITHIN THE MAJOR IMPROVEMENT AREA,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Developer,” “SUITABILITY FOR INVESTMENT,” “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” “INFORMATION RELATING TO THE TRUSTEE,” “APPENDIX E-2” and “APPENDIX H.” If such notification shall be subsequent to the Closing (as defined herein), the City, at no expense to the Underwriter, shall furnish such legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum. The City shall provide any such amendment or

supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

e. Filing with MSRB. The Underwriter hereby agrees to timely file the Limited Offering Memorandum with the MSRB through its Electronic Municipal Market Access (“EMMA”) system within one (1) business day after receipt but no later than the Closing Date. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the Closing Date.

f. Limited Offering. The Underwriter hereby represents, warrants and covenants that the Series 2021 MIA Bonds were initially sold pursuant to a limited offering. The Series 2021 MIA Bonds were sold to not more than thirty-five (35) persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act) or “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act).

6. City Representations, Warranties and Covenants. The City represents, warrants and covenants that:

a. Due Organization, Existence and Authority. The City is a political subdivision of the State, and has, and at the Closing Date will have, full legal right, power and authority:

- (i) to enter into and perform its duties and obligations under:
 - (1) this Agreement;
 - (2) the Indenture;
 - (3) the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”), and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);
 - (4) the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and

Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

(5) the Major Improvement Area Reimbursement Agreement (the “MIA Reimbursement Agreement”), dated April 21, 2021, executed and delivered by the City and Developer;

(6) Ordinance No. 536 enacted by the City on December 5, 2018 (the “TIRZ Ordinance”) designating the land within the District as a Tax Increment Reinvestment Zone Number One, City of Manor Texas (the “TIRZ”);

(7) Tax Increment and Reinvestment Zone Number One, City of Manor, Texas Project and Finance Plan (the “TIRZ Project and Finance Plan”);

(8) the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

(9) the Waiver of Right of Redemption (the “Redemption Waiver Agreement”) dated May 5, 2021, between the City and the Developer; and

(10) the Continuing Disclosure Agreement of Issuer with respect to the Series 2021 MIA Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Issuer”), executed and delivered by the City, P3Works, LLC (the “Administrator”), and UMB Bank, N.A., as dissemination agent.

(ii) to issue, sell, and deliver the Series 2021 MIA Bonds to the Underwriter as provided herein; and

(iii) to carry out and consummate the transactions on its part described in (1) the Authorizing Documents, (2) this Agreement, (3) the Development Agreement, (4) the Financing and Reimbursement Agreement, (5) the MIA Reimbursement Agreement, (6) the TIRZ Ordinance, (7) the TIRZ Project and Finance Plan, (8) the Landowner Agreement, (9) the Redemption Wavier Agreement, (10) the Continuing Disclosure Agreement of Issuer, (11) the Limited Offering Memorandum and (12) any other documents and certificates described in any of the foregoing (the documents described by subclauses (1) through (12) being referred to collectively herein as the “City Documents”).

b. Due Authorization and Approval of City. By all necessary official action of the City, the City has duly authorized and approved the adoption or execution and delivery by the City of, and the performance by the City of the obligations on its part contained in, the City Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded,

except as may have been approved by the Underwriter. When validly executed and delivered by the other parties thereto, the City Documents will constitute the legally valid and binding obligations of the City enforceable upon the City in accordance with their respective terms, except insofar as enforcement may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing be in compliance, in all material respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

c. Due Authorization for Issuance of the Series 2021 MIA Bonds. The City has duly authorized the issuance and sale of the Series 2021 MIA Bonds pursuant to the Bond Ordinance, the Indenture, and the Act. The City has, and at the Closing will have, full legal right, power and authority (i) to enter into, execute, deliver, and perform its obligations under this Agreement and the other City Documents, (ii) to issue, sell and deliver the Series 2021 MIA Bonds to the Underwriter pursuant to the Indenture, the Bond Ordinance, the Act, and as provided herein, and (iii) to carry out, give effect to and consummate the transactions on the part of the City described by the Bond Ordinance and the other City Documents.

d. No Breach or Default. As of the time of acceptance hereof, and to its knowledge, the City is not, and as of the Closing Date the City will not be, in breach of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument related to the Series 2021 MIA Bonds and to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on the City's ability to perform its obligations under the Series 2021 MIA Bonds or the City Documents; and, as of such times, the authorization, execution and delivery of the Series 2021 MIA Bonds and the City Documents and compliance by the City with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a material breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be permitted by the City Documents.

e. No Litigation. At the time of acceptance hereof there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court,

government agency, public board or body (collectively and individually, an “Action”) pending against the City with respect to which the City has been served with process, nor to the knowledge of the City is any Action threatened against the City, in which any such Action (i) in any way questions the existence of the City or the rights of the members of the City Council to hold their respective positions, (ii) in any way questions the formation or existence of the District, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Series 2021 MIA Bonds, or the payment or collection of any amounts pledged to pay the principal of and interest on the Series 2021 MIA Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City described therein, or contests the exclusion of the interest on the Series 2021 MIA Bonds from federal income taxation, or (iv) which may result in any material adverse change in the financial condition of the City; and, as of the time of acceptance hereof, to the City’s knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

f. Bonds Issued Pursuant to Indenture. The City represents that the Series 2021 MIA Bonds, when issued, executed, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the City subject to the terms of the Indenture, entitled to the benefits of the Indenture and the security of the pledge of the proceeds of the levy of the Assessments received by the City, all to the extent provided for in the Indenture. The Indenture creates a valid pledge of certain revenues and the monies in certain funds and accounts established pursuant to the Indenture to the extent provided for in the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

g. Assessments. The Assessments constituting the security for the Series 2021 MIA Bonds have been levied by the City in accordance with the Act on those parcels of land identified in the Major Improvement Area Assessment Roll (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for state, county, school district, or municipality ad valorem taxes.

h. Consents and Approvals. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency, or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the City of, its obligations in connection with the City Documents have been duly obtained or made and are in full force and effect, except the approval of the Series 2021 MIA Bonds by the Attorney General of the State, registration of the Series 2021 MIA Bonds by the Comptroller of Public Accounts of the State, and the approvals, consents and orders as may be required under Blue Sky or securities laws of any jurisdiction.

i. Public Debt. Prior to the Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Assessments which secure the Series 2021 MIA Bonds without the prior approval of the Underwriter.

j. Preliminary Limited Offering Memorandum. The information contained in the Preliminary Limited Offering Memorandum is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to the Non-City Disclosures.

k. Limited Offering Memorandum. At the time of the City's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the information contained in the Limited Offering Memorandum does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to the Non-City Disclosures; and further provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

l. Supplements or Amendments to Limited Offering Memorandum. If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

m. Compliance with Rule 15c2-12. The City was not obligated to undertake any continuing disclosure reporting until its issuance of the Lagos Public Improvement

District Special Assessment Revenue Bonds in January of 2020. Since that time, the City has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with Rule 15c2-12, except as described in the Limited Offering Memorandum.

n. Use of Bond Proceeds. The City will apply, or cause to be applied, the proceeds from the sale of the Series 2021 MIA Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 MIA Bonds.

o. Blue Sky and Securities Laws and Regulations. The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the City, (i) to (y) qualify the Series 2021 MIA Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Series 2021 MIA Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the initial distribution of the Series 2021 MIA Bonds by the Underwriter (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Series 2021 MIA Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

p. Certificates of the City. Any certificate signed by any official of the City authorized to do so in connection with the transactions described in this Agreement shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein and can be relied upon by the Underwriter as to the statements made therein.

q. Intentional Actions Regarding Representations and Warranties. The City covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

r. Financial Advisor. The City has engaged SAMCO Capital Markets, Inc., as its financial advisor (the "Financial Advisor") in connection with its offering and issuance of the Series 2021 MIA Bonds.

By delivering the Limited Offering Memorandum to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Limited Offering Memorandum, the representations, warranties and covenants set forth above.

7. Developer Letter of Representations. At the signing of this Agreement, the City and Underwriter shall receive from the Developer an executed Developer Letter of

Representations (the “Developer Letter of Representations”) in the form of Appendix A hereto, and, at the Closing, a certificate signed by the Developer as set forth in Appendix E hereof (the “Developer Closing Certificate”).

8. The Closing. At 10:00 a.m., Central time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, (i) the City will deliver or cause to be delivered to DTC through its “FAST” System, the Series 2021 MIA Bonds in the form of one fully registered Bond for each maturity, registered in the name of Cede & Co., as nominee for DTC, duly executed by the City and authenticated by the Trustee as provided in the Indenture, and (ii) the City will deliver the closing documents hereinafter mentioned to Bickerstaff Heath Delgado Acosta LLP (“Bond Counsel”), or a place to be mutually agreed upon by the City and the Underwriter. Settlement will be through the facilities of DTC. The Underwriter will accept delivery and pay the purchase price of the Series 2021 MIA Bonds as set forth in Section 1 hereof by wire transfer in federal funds payable to the order of the City or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the “Closing.” The Series 2021 MIA Bonds will be made available to the Underwriter or Underwriter’s Counsel (as defined herein) for inspection not less than twenty-four (24) hours prior to the Closing.

9. Underwriter’s Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and in the Developer Letter of Representations and the performance by the City of its obligations under this Agreement, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligations under this Agreement to purchase, accept delivery of, and pay for the Series 2021 MIA Bonds shall be conditioned upon the performance by the City of its obligations to be performed hereunder at or prior to Closing and shall also be subject to the following additional conditions:

a. Bring-Down Representations of the City. The representations and covenants of the City contained in this Agreement shall be true and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the Closing Date.

b. Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter; (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and Underwriter’s Counsel, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City described in this Agreement and the City Documents; (iv) there shall be in full force and effect such other resolutions or actions of the Developer as, in the opinions of Metcalfe Wolff Stuart & Williams LLP (“Developer’s Counsel”), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Developer described in the Developer Letter of Representations, the Development Agreement, the Financing and Reimbursement Agreement, the MIA Reimbursement Agreement, the Landowner Agreement, the Redemption Waiver Agreement, and the Continuing Disclosure Agreement of Developer with respect to the Series 2021 MIA Bonds, dated as of May 1, 2021, executed and

delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent (the “Continuing Disclosure Agreement of Developer” and, together with the Developer Letter of Representations, the Development Agreement, the Financing and Reimbursement Agreement, the MIA Reimbursement Agreement, the Landowner Agreement, the Redemption Waiver Agreement, and the Continuing Disclosure Agreement of Developer, the “Developer Documents”); and (v) the City shall perform or have performed its obligations required or specified in the City Documents to be performed at or prior to Closing.

c. No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the City Documents, the Developer Documents or other documents relating to the financing and construction of the Major Improvement Area Projects and the Development (as defined in the Limited Offering Memorandum), and the Developer shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of the Developer to pay the Assessments when due or complete the Major Improvement Area Projects.

d. Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 10 below.

e. Termination Events. The Underwriter shall have the right to cancel its obligation to purchase the Series 2021 MIA Bonds and to terminate this Agreement without liability therefor by written notification to the City if, between the date of this Agreement and the Closing, in the Underwriter’s reasonable judgment, any of the following shall have occurred:

(i) the market price or marketability of the Series 2021 MIA Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 MIA Bonds, shall be materially adversely affected by the occurrence of any of the following:

(1) legislation shall have been introduced in or enacted by the Congress of the United States or adopted by either chamber of Congress thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States, the Treasury Department of the United States, or the Internal Revenue Service or legislation shall have been proposed for consideration by either chamber of the Congress of the United States by a Committee of such chamber to which such legislation has been referred for consideration, or a decision by a court of the United States or the Tax Court of the United States shall be rendered or a ruling, regulation, or official statement (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service,

or other federal agency shall be made, which would result in federal taxation of revenues or other income of the general character expected to be derived by the City or upon interest on securities of the general character of the Series 2021 MIA Bonds or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Series 2021 MIA Bonds in the hands of the holders thereof, and which in either case, makes it, in the reasonable judgment of the Underwriter, impracticable or inadvisable to proceed with the offer, sale, or delivery of the Series 2021 MIA Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(2) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2021 MIA Bonds, or the issuance, offering or sale of the Series 2021 MIA Bonds, including all underlying obligations, as described herein or by the Limited Offering Memorandum, is in violation or would be in violation of, or that obligations of the general character of the Series 2021 MIA Bonds, or the Series 2021 MIA Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the “Securities Act”), or that the Indenture need to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the “Trust Indenture Act”); or

(3) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; provided, however that such suspension in trading or any disruption in securities settlement, payment or clearance services is not in force on the date hereof; or

(4) there shall have occurred (whether or not foreseeable) (i) any outbreak of hostilities (including, without limitation, an act of terrorism) including, but not limited to, an escalation of hostilities that existed prior to the date hereof, (ii) national or international calamity or crisis, including, but not limited to, an escalation in the scope or magnitude of any natural disaster, or (iii) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States; or

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except as disclosed in or described in the Limited Offering Memorandum; or

(6) any state blue sky or securities commission or other governmental agency or body in any state in which more than ten percent (10%) of the Series 2021 MIA Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Series 2021 MIA Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(7) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), or the validity or enforceability of the Assessments pledged to pay principal of and interest on the Series 2021 MIA Bonds; or

(ii) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Series 2021 MIA Bonds or as to obligations of the general character of the Series 2021 MIA Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriter; or

(iv) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum; or

(v) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and shall be in force; or

(vi) a material disruption in securities settlement, payment or clearance services shall have occurred; or

(vii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities

and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Series 2021 MIA Bonds, including the underlying obligations as described in this Agreement or in the Limited Offering Memorandum, or any document relating to the issuance, offering or sale of the Series 2021 MIA Bonds, is or would be in violation of any provision of the federal securities laws on the Closing Date, including the Securities Act, the Securities Exchange Act of 1934 and the Trust Indenture Act; or

(viii) the purchase of and payment for the Series 2021 MIA Bonds by the Underwriter, or the resale of the Series 2021 MIA Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance, or nonfeasance of the Underwriter.

With respect to the conditions described in subparagraphs (ii), (vii) and (viii) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke its termination rights hereunder.

10. Closing Documents. At or prior to the Closing, the Underwriter (or Underwriter's Counsel on behalf of the Underwriter) shall receive the following documents:

a. Bond Opinion. The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix D to the Limited Offering Memorandum, together with a reliance letter from Bond Counsel, dated the Closing Date and addressed to the Underwriter, which may be included in the supplemental opinion required by Section 10(b) hereof, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

b. Supplemental Opinion. A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the City and the Underwriter, in form and substance acceptable to Underwriter's Counsel, to the following effect:

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Preliminary Limited Offering Memorandum and in the Limited Offering Memorandum but that Bond Counsel has reviewed the statements and information appearing in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions and subcaptions "PLAN OF FINANCE — The Series 2021 MIA Bonds" and "— The Series 2021 IA#1-2 Bonds," and "— Additional Obligations" (first paragraph only), "DESCRIPTION OF THE SERIES 2021 MIA BONDS," "SECURITY FOR THE BONDS," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and

“Assessment Amounts”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings” (first paragraph only) and “— Legal Opinions,” “CONTINUING DISCLOSURE — The City,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS” and “APPENDIX B,” and Bond Counsel is of the opinion that the information relating to the Series 2021 MIA Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Series 2021 MIA Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture;

(ii) The Series 2021 MIA Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(iii) The City has or at the time of the adoption thereof had full power and authority to adopt the Creation Resolution, the Assessment Ordinance, including the Service and Assessment Plan, and the Bond Ordinance (collectively, the foregoing documents are referred to herein as the “City Actions”) and perform its obligations thereunder and the City Actions have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Development Agreement, the Financing and Reimbursement Agreement, the MIA Reimbursement Agreement, the Landowner Agreement, the Redemption Waiver Agreement, the Continuing Disclosure Agreement of Issuer, and this Agreement have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments, documents, and agreements by the other parties thereto, constitute the legal, valid, and binding agreements of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors’ rights, or by the application of equitable principles if equitable remedies are sought and to the application of Texas law relating to governmental immunity applicable to governmental entities.

c. City Legal Opinion. An opinion of the attorney for the City, dated the Closing Date and addressed to the Underwriter, the City, Bond Counsel and the Trustee, with respect to matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

d. Opinion of Developer’s Counsel. Opinion of Developer’s Counsel, substantially in the form of Appendix D hereto, dated the Closing Date and addressed to the City, Bond Counsel, attorney for the City, the Underwriter, and the Trustee or in form otherwise agreed upon by the Underwriter.

e. Developer Closing Certificate. The Developer Closing Certificate dated as of the Closing Date, signed by authorized officers of the Developer in substantially the form of Appendix E hereto.

f. City Closing Certificate. A certificate of the City, dated the Closing Date, signed by an appropriate City Official, to the effect that:

(i) the representations and warranties of the City contained herein and in the City Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Authorizing Documents and City Documents are in full force and effect and have not been amended, modified, or supplemented;

(iii) except as disclosed in the Limited Offering Memorandum, no litigation or proceeding against the City is pending or, to the best of the knowledge of such person, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City or the establishment of the District, (c) contest the validity, due authorization and execution of the Series 2021 MIA Bonds or the City Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the City from levying and collecting the Assessments pledged to pay the principal of and interest on the Series 2021 MIA Bonds, or the pledge thereof; and

(iv) the City has, to the best of such person's knowledge, complied with all agreements and covenants and satisfied all conditions set forth in the City Documents, on its part to be complied with or satisfied hereunder at or prior to the Closing.

g. Trustee's Counsel Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, the City and Bond Counsel, in form and substance acceptable to Underwriter's Counsel, the City and Bond Counsel to the following effect:

(i) the Trustee is duly organized, validly existing and in good standing as a national banking association organized under the laws of the United States of America, and is duly qualified to serve as Trustee in accordance with the qualifications set forth for the Trustee in the Indenture;

(ii) the Trustee has full right, power, and authority to enter into the Indenture, to perform its obligations under, and to carry out and consummate all of the transactions involving the Trustee contemplated by the Indenture; and

(iii) the Indenture has been duly authorized, executed and delivered by the Trustee and is valid and enforceable against the Trustee in accordance with its terms.

h. Trustee's Certificate. A customary authorization and incumbency certificate dated prior to the Closing Date, signed by authorized officers of the Trustee in form and substance acceptable to the Underwriter, Underwriter's Counsel and Bond Counsel.

i. Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Orrick, Herrington & Sutcliffe LLP ("Underwriter's Counsel"), to the effect that:

(i) The Series 2021 MIA Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(ii) Such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Limited Offering Memorandum or in the Limited Offering Memorandum and makes no representation that it has independently verified the accuracy, completeness or fairness of any such statements. In its capacity as counsel to the Underwriter, to assist the Underwriter in part of its responsibility with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, such counsel has participated in conferences with representatives of the Underwriter, representatives of the City, and its counsel, Bickerstaff Heath Delgado Acosta LLP, as bond counsel, SAMCO Capital Markets, Inc., as financial advisor, the public improvement district administrator, the Developer, and its engineers and others, during which the contents of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum and related matters were discussed. Based on such counsel's participation in the above-mentioned conferences (which, with respect to the date of the Preliminary Limited Offering Memorandum, did not extend beyond the date of this Agreement, and, with respect to the date of the Limited Offering Memorandum, did not extend beyond its date), and in reliance thereon, on oral and written statements and representations of the City, the Developer and others and on the records, documents, certificates, opinions and matters herein mentioned, such counsel advises the Underwriter as a matter of fact and not opinion that, during the course of such counsel's representation of the Underwriter on this matter, (a) no facts had come to the attention of the attorneys in such counsel's firm rendering legal services to the Underwriter in connection with the Preliminary Limited Offering Memorandum which caused such counsel to believe, as of the date of the Preliminary Limited Offering Memorandum and as of the date of this Agreement, based on the documents, drafts and facts in existence and reviewed as of those dates, that the Preliminary Limited Offering Memorandum contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Limited Offering Memorandum), and (b) no facts had come

to the attention of the attorneys in such counsel's firm rendering legal service to the Underwriter in connection with the Limited Offering Memorandum which caused such counsel to believe that the Limited Offering Memorandum contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, such counsel expressly excludes from the scope of this paragraph and expresses no view or opinion, with respect to both the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about verification, feasibility, valuation, appraisals, absorption, real estate or environmental matters, relationship among the parties, Appendices, or any information about book-entry, DTC, Cede & Co., tax matters, included or referred to therein or omitted therefrom. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum; and

(iii) The Continuing Disclosure Agreement of Issuer satisfies the requirements contained in Securities and Exchange Commission Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Series 2021 MIA Bonds to provide the information at the times and in the manner required by said Rule; provided that, for purposes of this opinion, such counsel is not expressing any view regarding the content of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum that is not expressly stated in numbered paragraph ii, above.

j. Limited Offering Memorandum. The Limited Offering Memorandum and each supplement or amendment, if any, thereto.

k. Delivery of City Documents and Developer Documents. The City Documents and Developer Documents shall have been executed and delivered in form and content satisfactory to the Underwriter and Underwriter's Counsel.

l. Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

m. Federal Tax Certificate. A certificate of the City in form and substance satisfactory to Bond Counsel and Underwriter's Counsel setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Series 2021 MIA Bonds will be used in a manner that would cause the Series 2021 MIA Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code.

n. Attorney General Opinion and Comptroller Registration. The approving opinion of the Attorney General of the State regarding the Series 2021 MIA Bonds and the Comptroller of the State's Certificate of Registration for the Initial Bond.

o. Continuing Disclosure Agreements. The Continuing Disclosure Agreement of Issuer and the Continuing Disclosure Agreement of Developer shall have been executed by the parties thereto in substantially the forms attached to the Limited Offering Memorandum as Appendix E-1 and Appendix E-2.

p. Letter of Representation of Administrator. Letter of Representation of PID Administrator, substantially in the form of Appendix F hereto, addressed to the City, Bond Counsel, the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter.

q. Letter of Representation of the Appraiser. (i) Letter of Representation of the Appraiser, substantially in the form of Appendix G hereto, addressed to the City, Bond Counsel, the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter, and (ii) a copy of the real estate appraisal of the property in the District dated April 15, 2021.

r. Evidence of Filing of Creation Resolution, Landowner Agreement and Assessment Ordinance. Evidence that (i) the Creation Resolution including a legal description of the District by metes and bounds, (ii) the Assessment Ordinance, including the legal description of the property within the District, the assessment rolls and a statement indicating the contact for and address of where a copy of the Service and Assessment Plan, and any updates thereto may be obtained or viewed and (iii) the Landowner Agreement, have been filed of record in the real property records of Travis County, Texas.

s. Evidence of Filing of Redemption Waiver Agreement. Evidence that the Waiver of Right of Redemption (the "Redemption Waiver Agreement") dated May 5, 2021, between the City and the Developer, has been filed of record in the real property records of Travis County, Texas.

t. Developer Organizational Documents. The Developer shall have delivered to the Underwriter and the City, (i) fully executed copies of the Developer's organizational documents, (ii) evidence of good standing in the state of Delaware, (iii) evidence from the Texas Secretary of State of application of registration to do business in Texas; and (iv) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Developer.

u. Rule 15c2-12 Certification. A resolution, ordinance or certificate whereby the City has deemed the Preliminary Limited Offering Memorandum final as of its date, except for permitted omissions, as contemplated by Rule 15c2-12 in connection with the offering of the Series 2021 MIA Bonds, which certification may be included in the Bond Ordinance.

v. Dissemination Agent. Evidence acceptable to the Underwriter in its sole discretion that the City has engaged a dissemination agent acceptable to the Underwriter for the Series 2021 MIA Bonds, with the execution of the Continuing Disclosure Agreement of Issuer and the Continuing Disclosure Agreement of Developer by other parties thereto being conclusive evidence of such acceptance by the Underwriter. The Underwriter hereby acknowledges and agrees that UMB Bank, N.A., is an acceptable dissemination agent.

w. BLOR. A copy of the current Blanket Issuer Letter of Representation to DTC signed by the City.

x. Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as the Underwriter or Underwriter's Counsel may reasonably deem necessary.

11. City's Closing Conditions. The obligation of the City hereunder to deliver the Series 2021 MIA Bonds shall be subject to receipt on or before the Closing Date of the purchase price set forth in Section 1 hereof, the Attorney General Opinion, the opinion of Bond Counsel described in Section 10(a) hereof and all documents required to be delivered by the Developer.

12. Consequences of Termination. If the City shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and the Underwriter and the City shall have no further obligation hereunder, except as further set forth in Sections 13, 15 and 16 hereof.

13. Costs and Expenses.

a. The Underwriter shall be under no obligation to pay, and the City shall cause to be paid from proceeds of the Series 2021 MIA Bonds the following expenses incident to the issuance of the Series 2021 MIA Bonds and performance of the City's obligations hereunder: (i) the costs of the preparation and printing of the Series 2021 MIA Bonds; (ii) the cost of preparation, printing, and mailing of the Preliminary Limited Offering Memorandum, the final Limited Offering Memorandum and any supplements and amendments thereto; (iii) the fees and disbursements of the City's Financial Advisor, the Trustee's counsel, Bond Counsel, Developer's Counsel, and the Trustee relating to the issuance of the Series 2021 MIA Bonds; (iv) the Attorney General's review fees; (v) the fees and disbursements of accountants, advisers and any other experts or consultants retained by the City or the Developer, including but not limited to the fees and expenses of the Appraiser and the PID Administrator; and (vi) the expenses incurred by or on behalf of City employees and representatives that are incidental to the issuance of the Series 2021 MIA Bonds and the performance by the City of its obligations under this Agreement.

b. The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the limited offering of the Series 2021 MIA Bonds; (ii) fees of Underwriter's Counsel; and (iii) all other expenses, including CUSIP fees (including

out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its limited public offering and distribution of the Series 2021 MIA Bonds, except as noted in Subsection 13(a) above.

c. The City acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a nonprofit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

14. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Manor, Texas, 105 E. Eggleston Street, Manor, Texas 78653, Attention: City Manager.

Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Attention: Tripp Davenport, Director.

15. Entire Agreement. This Agreement is made solely for the benefit of the City and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties, and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the City shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Series 2021 MIA Bonds; or (ii) delivery of any payment for the Series 2021 MIA Bonds pursuant to this Agreement. The agreements contained in this Section and in Section 16 shall survive any termination of this Agreement.

16. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument, or other writing delivered by a party to this Agreement or in connection with the transactions described in or by this Agreement constitute representations and warranties by such party under this Agreement to the extent such statement is set forth as a representation and warranty in the instrument in question.

17. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

19. State Law Governs. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State.

20. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other party hereto.

21. No Personal Liability. None of the members of the City Council, nor any officer, representative, agent, or employee of the City, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Agreement.

22. Anti-Boycott Verification. The Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Underwriter understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

23. Iran, Sudan and Foreign Terrorist Organizations. The Underwriter represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Underwriter and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Underwriter understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

24. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Underwriter’s participation in the execution of this Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Underwriter, and

the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Underwriter and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Underwriter; and, neither the City nor its consultants have verified such information.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

FMSbonds, Inc.,
as Underwriter

By: _____
Name: Theodore A. Swinarski
Title: Senior Vice President - Trading

Accepted at _____ a.m./p.m. central time on the date first stated above.

City of Manor, Texas

By: _____
Mayor

SCHEDULE I

\$[7,090,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

Interest Accrues From: Date of Delivery

\$ _____ % Term Bonds, Due _____, Priced to Yield _____% ^{(a) (c) (d)}

-
- (a) [The initial reoffering prices or yields of the Series 2021 MIA Bonds have been determined in accordance with the 10% test.]
 - (b) The Series 2021 MIA Bonds may be redeemed before their scheduled maturity date, in whole or in part, on any date on or after _____, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Series 2021 MIA Bonds to be redeemed, plus accrued and unpaid interest to the date of redemption.
 - (c) The Series 2021 MIA Bonds are also subject to extraordinary optional redemption as described in the Limited Offering Memorandum under “DESCRIPTION OF THE SERIES 2021 MIA BONDS — Redemption Provisions.”
 - (d) The Series 2021 MIA Bonds maturing _____, _____, _____ are also subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installment Amounts as set forth in the following schedule.

[Remainder of page intentionally left blank]

\$ Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2022	\$
September 15, 2023	
September 15, 2024	
September 15, 2025	

† Stated Maturity

\$ Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2031	\$
September 15, 2032	
September 15, 2033	
September 15, 2034	
September 15, 2035	
September 15, 2036	
September 15, 2037	
September 15, 2038	
September 15, 2039	
September 15, 2040	

† Stated Maturity

APPENDIX A

FORM OF DEVELOPER LETTER OF REPRESENTATIONS

[\$7,090,000]

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

DEVELOPER LETTER OF REPRESENTATIONS

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expy., Building 1, Suite 300
Austin, Texas 78746

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, Texas 78730

Ladies and Gentlemen:

This letter is being delivered to the City of Manor, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the “Bond Purchase Agreement”) for the sale and purchase of the \$[7,090,000] “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the City, and the City has agreed to sell to the Underwriter the Series 2021 MIA Bonds. In order to induce the City to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Series 2021 MIA Bonds by the City and the purchase of them by the Underwriter, the undersigned, Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” or the “Developer”), makes the representations, warranties, and covenants contained in this Developer Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Developer Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Series 2021 MIA Bonds represents a negotiated transaction, the Developer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Developer, but rather is acting solely in its capacity as Underwriter of the Series 2021 MIA Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Developer Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Series 2021 MIA Bonds), the Developer becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Developer will notify the Underwriter promptly (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request); however, that for the purposes of this Developer Letter of Representations and any certificate delivered by the Developer in accordance with the Bond Purchase Agreement, the Developer makes no representations with respect to the information appearing in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum except for the information set forth in all of the maps included therein and under the captions and subcaptions “PLAN OF FINANCE” (except for “— The Series 2021 MIA Bonds” and “— The Series 2021 IA#1-2 Bonds,” “— Additional Obligations”), “THE MAJOR IMPROVEMENT AREA PROJECTS,” “THE DEVELOPMENT” and “THE DEVELOPER” and, to the Developer’s knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Major Improvement Area Projects, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Developer,” “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” “SOURCES OF INFORMATION — Source of Certain Information,” “APPENDIX E-2,” “APPENDIX F” and “APPENDIX G” (collectively, the “Developer Disclosures”) in accordance with subsection 4(f) herein.

3. Developer Documents. The Developer has executed and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms:

- a. this Developer Letter of Representations;
- b. the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”), and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

c. the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

d. the Major Improvement Area Reimbursement Agreement (the “MIA Reimbursement Agreement”), dated April 21, 2021, executed and delivered by the City and Developer;

e. the Landowner Agreement dated as of May 5, 2021, between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

f. the Waiver of Right of Redemption (the “Redemption Waiver Agreement”) dated May 5, 2021, between the City and the Developer;

g. the Continuing Disclosure Agreement of Developer with respect to the Series 2021 MIA Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Developer”), executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent.

The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

The representations and warranties of the Developer contained in the Developer Documents are true and correct in all material respects on and as of the date hereof.

4. Developer Representations, Warranties and Covenants. The Developer represents, warrants, and covenants to the City and the Underwriter that:

a. Due Organization and Existence. The Developer is duly formed and validly existing as a corporation under the laws of the State of Delaware.

b. Organizational Documents. The copies of the organizational documents of the Developer provided by the Developer (the “Developer Organizational Documents”) to the City and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented since delivery to the City and the Underwriter and are in full force and effect as of the date hereof.

c. No Breach. The execution and delivery of the Developer Documents by Developer does not violate any judgment, order, writ, injunction or decree binding on Developer or any indenture, agreement, or other instrument to which the Developer is a party.

d. No Litigation. Other than as described in the Preliminary Limited Offering Memorandum and in the Limited Offering Memorandum, there are no proceedings pending or to Developer’s knowledge, threatened in writing before any court

or administrative agency against the Developer that are either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the District in accordance with the description thereof in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

e. Information. The information prepared and submitted by the Developer to the City or the Underwriter in connection with the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum was, and is, as of this date, true and correct in all material respects.

f. Preliminary Limited Offering Memorandum and Limited Offering Memorandum. The Developer represents and warrants that the information set forth in the Developer Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Developer agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

g. Events of Default. To Developer's knowledge, no "Event of Default" or "event of default" by the Developer under any of the Developer Documents, any documents to which the Developer is a party described in the Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Major Improvement Area Projects to which the Developer is a party, or event that, with the passage of time or the giving of notice or both, would constitute such "Event of Default" or "event of default" by the Developer, has occurred and is continuing.

5. Indemnification.

a. The Developer will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act of 1933 or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Developer Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the omission, untrue statement or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made

and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

b. Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Series 2021 MIA Bonds and shall survive any investigation made by or on behalf of the City, the Developer or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Developer Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Series 2021 MIA Bonds hereunder, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Successors and Assigns. This Developer Letter of Representations will be binding upon the Developer and its successors and assigns and inure solely to the benefit of the Underwriter and the City, and no other person or firm or entity will acquire or have any right under or by virtue of this Developer Letter of Representations.

[Signature page follows.]

DEVELOPER

FORESTAR (USA) REAL ESTATE GROUP, INC.,
a Delaware corporation

By: _____
[_____]

APPENDIX B

**[\$7,090,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of FMSbonds, Inc. (the “Representative”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Series 2021 MIA Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Representative offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2021 MIA Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement for the Series 2021 MIA Bonds, the Representative has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Series 2021 MIA Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2021 MIA Bonds during the Holding Period.

3. ***Defined Terms.***

(a) General Rule Maturities means those Maturities of the Series 2021 MIA Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) Hold-the-Offering-Price Maturities means those Maturities of the Series 2021 MIA Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (May 5, 2021), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) Issuer means the City of Manor, Texas.

(e) Maturity means Series 2021 MIA Bonds with the same credit and payment terms. Series 2021 MIA Bonds with different maturity dates, or Series 2021 MIA Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2021 MIA Bonds. The Sale Date of the Series 2021 MIA Bonds is May 5, 2021.

(h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021 MIA Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2021 MIA Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021 MIA Bonds to the Public).

[Remainder of this page intentionally left blank]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2021 MIA Bonds, and by Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Series 2021 MIA Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2021 MIA Bonds.

EXECUTED and DELIVERED as of this _____, 2021.

FMSbonds, Inc.,
as Underwriter

By: _____

Name: Theodore A. Swinarski
Title: Senior Vice President – Trading

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD THE OFFERING PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

APPENDIX C

[LETTERHEAD OF THE KNIGHT LAW FIRM, LLP]

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expy., Building 1, Suite 300
Austin, Texas 78746

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, Texas 78730

[\$7,090,000]

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

Ladies and Gentlemen:

We are the Attorney for the City of Manor, Texas (the “City”) for limited purposes, and are rendering this opinion in connection with the issuance and sale of \$[7,090,000] “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”), by the City, a political subdivision of the State of Texas.

The Series 2021 MIA Bonds are authorized pursuant to Ordinance No. [____] and enacted by the City Council of the City (the “City Council”) on May 5, 2021 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “Act”) and the Indenture of Trust, dated as of May 1, 2021 (the “Indenture”), entered into by and between the City and UMB Bank, N.A., as trustee (the “Trustee”). Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein. In connection with rendering this opinion, we have reviewed the:

(a) Resolution No. 2018-10 enacted by the City Council on November 7, 2018 (the “Creation Resolution”), creating the Manor Heights Public Improvement District (the “District”) and Resolution No. 2020-11 enacted by the City Council on October 7, 2020 (the “Additional Land Resolution”), adding additional land to the District;

(b) Ordinance No. [_____] enacted by City Council on May 5, 2021 (the “Assessment Ordinance”), levying the Assessments and approving the Service and Assessment Plan attached as an exhibit thereto (the “Service and Assessment Plan”);

(d) the Bond Ordinance;

(e) the Indenture;

(f) the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”), and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

(g) the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

(h) the Major Improvement Area Reimbursement Agreement (the “MIA Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer;

(i) the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

(j) Ordinance No. 536 enacted by the City on December 5, 2018 (the “TIRZ Ordinance”) designating the land within the District as a Tax Increment Reinvestment Zone Numb One, City of Manor Texas (the “TIRZ”);

(k) the Waiver of Right of Redemption (the “Redemption Waiver Agreement”) dated May 5, 2021, between the City and the Developer; and

(l) the Continuing Disclosure Agreement of Issuer with respect to the Series 2021 MIA Bonds, dated as of May 1, 2021, executed and delivered by the City, P3Works, LLC, as Administrator, and UMB Bank, N.A., as Dissemination Agent.

The Creation Resolution, the Additional Land Resolution, the Assessment Ordinance, the Bond Ordinance, and the TIRZ Ordinance shall herein after be referred to as the “Authorizing Documents” and the remaining documents shall herein after be collectively referred to as the “City Documents.”

In all such examinations, we have assumed that all signatures on documents and instruments executed by the City are genuine and that all documents submitted to me as copies conform to the originals. In addition, for purposes of this opinion, we have assumed the due authorization, execution and delivery of the City Documents by all parties other than the City.

Based upon and subject to the foregoing and the additional qualifications and assumptions set forth herein, we are of the opinion that:

1. The City is a Texas political subdivision and home rule municipal corporation and has all necessary power and authority to enter into and perform its obligations under the Authorizing Documents and the City Documents. The City has taken or obtained all actions, approvals, consents and authorizations required of it by applicable laws in connection with the execution of the Authorizing Documents and the City Documents and the performance of its obligations thereunder.

2. There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending, or, to the best of our knowledge, threatened against the City: (a) affecting the existence of the City or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Series 2021 MIA Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Series 2021 MIA Bonds, including the Assessments in the District pursuant to the provisions of the Assessment Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the City's performance of the City Documents, (e) contesting the exclusion of the interest on the Series 2021 MIA Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the City.

3. The Authorizing Documents were duly enacted by the City and remain in full force and effect on the date hereof.

4. The City Documents have been duly authorized, executed and delivered by the City and remain legal, valid and binding obligations of the City enforceable against the City in accordance with their terms. However, the enforceability of the obligations of the City under such City Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, and (c) the application of Texas law relating to action by future councils and relating to governmental immunity applicable to governmental entities.

5. The performance by the City of the obligations under the Authorizing Documents and the City Documents will not violate any provision of any federal or Texas constitutional or statutory provision.

6. No further consent, approval, authorization, or order of any court or governmental agency or body or official is required to be obtained by the City as a condition precedent to the performance by the City of its obligations under the Authorizing Documents and the City Documents.

7. The City has duly authorized, executed and delivered the Preliminary Limited Offering Memorandum.

8. Based upon our limited participation in the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (collectively, the "Limited Offering Memorandum"), the statements and information contained in the Limited Offering

Memorandum with respect to the City under the captions and subcaptions “ASSESSMENT PROCEDURES — Assessment Methodology” and “ — Assessment Amounts,” “THE CITY,” “THE DISTRICT,” “LEGAL MATTERS — Litigation – The City” and “APPENDIX A” is a fair and accurate summary of the law and the documents and facts summarized therein.

9. The adoption of the Authorizing Documents and the execution and delivery of the City Documents and the compliance with the provisions of the Authorizing Documents and the City Documents under the circumstances contemplated thereby, to the best of our knowledge: (a) do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the City a violation, breach of or default under any existing law, regulation, court order or consent decree to which the City is subject.

This opinion may not be relied upon by any other person except those specifically addressed in this letter.

Very truly yours,

VERONICA RIVERA
THE KNIGHT LAW FIRM, LLP
ATTORNEY FOR THE CITY

APPENDIX D

[LETTERHEAD OF METCALFE WOLFF STUART & WILLIAMS LLP]

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
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Frisco, Texas 75034

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The Knight Law Firm, LLP
223 West Anderson Lane, Suite A-105
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[\$7,090,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)

We have acted as special counsel to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the “Developer”), in connection with the issuance and sale by the City of Manor, Texas (the “City”), of \$[7,090,000] “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”), pursuant to the Indenture of Trust dated as of May 1, 2021 (the “Indenture”), by and between the City and UMB Bank, N.A., as trustee (the “Trustee”). Proceeds from the sale of the Series 2021 MIA Bonds will be used, in part, to fund certain public infrastructure improvements benefiting the Manor Heights Public Improvement District (the “District”) located in the City.

The Series 2021 MIA Bonds are being sold by FMSbonds, Inc. (the “Underwriter”), pursuant to that certain Bond Purchase Agreement dated May 5, 2021, (the “Bond Purchase Agreement”), by and between the City and the Underwriter. This opinion is being delivered pursuant to Section 10(d) of the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

Assumptions and Bases for Opinions and Assurances

In our capacity as special counsel to the Developer, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

- (1) The following documents previously executed or being executed, entered into and/or issued, as the case may be, in connection with the issuance of the Series 2021 MIA Bonds (collectively, the “Documents”):
 - a. The Indenture executed by the City and the Trustee;
 - b. The Bond Purchase Agreement executed by the Underwriter and the City;
 - c. The Developer Letter of Representations executed by the Developer dated May 5, 2021;
 - d. The Developer Certificate executed by the Developer, pursuant to Appendix A of the Bond Purchase Agreement, dated May 27, 2021;
 - e. the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”), and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);
 - f. the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);
 - g. the Major Improvement Area Reimbursement Agreement (the “MIA Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer;
 - h. the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);
 - i. the Waiver of Right of Redemption (the “Redemption Waiver Agreement”) dated May 5, 2021, between the City, and the Developer; and

j. the Continuing Disclosure Agreement of Developer with respect to the Series 2021 MIA Bonds, dated as of May 1, 2021, (the “Continuing Disclosure Agreement of Developer”), executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent.

(2) The Preliminary Limited Offering Memorandum, dated February 22, 2021 relating to the issuance of the Bonds as authorized by the City (the “Preliminary Limited Offering Memorandum”);

(3) The final Limited Offering Memorandum relating to the issuance of the Bonds, dated [_____] 2021, as authorized by the City (the “Limited Offering Memorandum”); and

(4) Such other documents, records, agreements, and certificates of the Developer as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

In basing the opinions and other matters set forth herein on “our knowledge,” the words “our knowledge” signify that, in the course of our representation of the Developer the principal attorneys in this firm involved in the current actual transaction do not have actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. The words “our knowledge” and similar language used herein are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation, that:

(i) all persons other than the Developer have duly and validly executed and delivered each instrument, document, and agreement constituting a Document or executed in connection therewith to which such party is a signatory, and each such party’s obligations set forth therein are its legal, valid, and binding obligations, enforceable in accordance with the terms thereof;

(ii) each person executing any such instrument, document, or agreement other than the Developer is duly authorized and has the legal power to do so;

(iii) each natural person executing any such instrument, document, or agreement is legally competent to do so;

(iv) there are no oral or written modifications of, or amendments to, the Documents, and there has been no waiver of any of the provisions thereof, by actions or conduct of the parties or otherwise;

(v) all representations of fact set forth in the Documents and the “Organizational Documents and Certificates” as provided herein as Exhibit A are complete and accurate, insofar as such facts pertain to the subject matter of the opinions rendered hereby; and

(vi) all documents submitted to us as originals are complete and authentic, all documents submitted to us as certified, conformed or photostatic copies conform to the original documents, all signatures on all documents submitted to us for examination are genuine, and all public records and certificates of public officials are accurate and complete.

In addition, we have assumed that the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents.

We assume that none of the parties to the Documents (other than Developer) is a party to any court or regulatory proceeding relating to or otherwise affecting the Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the validity or enforceability thereof. We assume that each of the parties to the Documents (other than Developer) has full authority to close this transaction in accordance with the terms and provisions of the Documents.

We assume that neither the Underwriter nor the City nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We bring to your attention that as special counsel, we have only been engaged by the Developer in connection with the Documents (and the transactions contemplated in the Documents) and do not represent the Developer generally.

Opinions

Based solely upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Developer is validly existing and is in good standing under the laws of the State of Delaware and is authorized to do business in the State of Texas.
2. The Developer has the requisite corporate power to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all necessary corporate action to authorize the execution and delivery of such Documents and the performance by Developer of the obligations under such Documents.
3. The execution and delivery by the Developer of the Documents to which it is a

party and the performance by the Developer of its obligation under the Documents will not:

- (i) to our knowledge, violate any provision of any existing law, statute, rule or regulation applicable to the Developer under the laws of the State of Texas nor subject the Developer to a fine, penalty or other similar sanctions under any law, statute, rule or regulation applicable to the Developer;
- (ii) to our knowledge, violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Developer, nor, to our knowledge, will the performance of the agreements in the Documents violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Developer; or
- (iii) violate the Developer Basic Documents (as defined in Exhibit A), nor will the performance by the Developer of the agreements in the Documents violate the Developer Basic Documents.

4. To our knowledge, the execution, delivery and performance by the Developer of the Documents to which it is a party do not constitute a breach of or default under any existing loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Developer is a party or is otherwise subject, which violation, breach or default would materially adversely affect the Developer or the transactions contemplated by the Documents.

5. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by the Developer of the Documents to which the Developer is a party, other than as are required with respect to the financing transaction evidenced thereby.

6. The Developer has duly executed and delivered each of the Documents to which it is a party, and each of such Documents constitutes the legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms.

7. No taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by the Developer on account of its execution or delivery of any of the Documents or the recording or filing of any of the Documents in the Official Public Records of Travis County, Texas, except for normal filing or recording fees.

Assurances

Subject to the assumptions, qualifications and limitations set forth herein, we provide you the following assurances:

- A. There are no actions, suits or proceedings pending or, to our knowledge, threatened against the Developer in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Documents to which it is a party; (iii) the validity or enforceability against it of such Documents or the transactions contemplated thereby; (iv) the titles of its officers executing the Documents; (v) the execution and delivery of the Documents on behalf of the Developer; (vi) the operations or financial condition of the Developer that would materially adversely affect those operations or the financial condition of the Developer or (vii) the acquisition and the construction of the property and improvements identified in the Limited Offering Memorandum, the costs of which are to be funded or reimburse, in whole or in part, by proceeds of the Series 2021 IA#1-2 Bonds.
- B. As special counsel to Developer, we reviewed the portions of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions “PLAN OF FINANCE” (except for “— The Series 2021 MIA Bonds” and “— The Series 2021 IA#1-2 Bonds,” “— Additional Obligations”), “THE MAJOR IMPROVEMENT AREA PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Major Improvement Area Projects, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS – Litigation — The Developer,” “CONTINUING DISCLOSURE – The Developer,” and “– The Developer’s Compliance with Prior Undertakings” with such review being limited to information pertaining to the Developer, the Authorized Improvements and the Development (as defined in the Limited Offering Memorandum) (collectively, the “**Developer Statements**”). We did not participate in the preparation of the documents incorporated by reference in the Limited Offering Memorandum or in the preparation of any other portions of the Limited Offering Memorandum, other than the Developer Statements (provided that we did participate in the preparation of the Service and Assessment Plan and the Financing and Reimbursement Agreement attached as appendices to the Limited Offering Memorandum). We did, however, participate in meetings at which the Developer was present during which the contents of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum were discussed. The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Limited Offering Memorandum, and we have not undertaken to verify independently any of such factual matters. Moreover, many of the determinations required to be made in the preparation of the Limited Offering Memorandum involve matters of a non-legal nature. Subject to the foregoing and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that nothing came to our attention that caused us to believe that the Developer Statements in the Preliminary Limited Offering Memorandum, as of its date, the date of the Bond Purchase Agreement, and the Limited Offering Memorandum, as of its date and the date hereof, contained or contain any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that

we do not express any belief with respect to the financial statements or other financial, engineering, statistical or accounting data or information, or any information incorporated by reference or the appendices attached to the Limited Offering Memorandum. The negative assurance provided in this paragraph is furnished by us only to the Underwriter, is solely for the benefit of the Underwriter in its capacity as the Underwriter to assist the Underwriter in establishing defenses under applicable securities laws and may not be used, quoted or relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing securities from the Underwriter and any other addressees of this letter).

Qualifications

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions and assurances set forth above are subject to the following assumptions and qualifications:

- a. We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.
- b. We have relied upon the Developer Certificates, as well as the representations of the Developer contained in the Documents, with respect to certain facts material to our opinion and in providing any assurances contained herein. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.
- c. Except for the Documents, we have not reviewed, and express no opinion as to, any other contracts or agreements to which the Developer is a party or by which the Developer is or may be bound.
- d. The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas, the Delaware general corporation law and the laws of the United States of America, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the Delaware general corporation law and the United States of America. We do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

- e. No opinions or statements are implied beyond those expressly stated in this opinion letter. Without limiting the generality of the preceding sentence, unless explicitly addressed in this opinion letter, the opinions and confirmations set forth in this opinion letter do not address any of the following legal issues, and we specifically express no opinion with respect thereto: (a) securities laws (other than B under “Assurances” above), “Blue Sky” laws, and laws relating to commodity (and other) futures and indices and other similar instruments; (b) margin regulations; (c) pension and employee benefit laws and regulations; (d) antitrust and unfair competition laws; (e) laws concerning filing and notice requirements, other than requirements applicable to charter-related documents such as a certificate of merger; (f) compliance with fiduciary duty requirements; (g) the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions, and judicial decisions to the extent that they deal with any of the foregoing matters in this paragraph; (h) the creation, attachment, perfection, or priority of a lien, or security interest in, or to, collateral, or enforcement of a security interest in collateral comprising personal property; (i) environmental laws; (j) zoning, land use, condominium, cooperative, subdivision, and other development laws; (k) tax laws; (l) patent, copyright and trademark, state trademark, and other intellectual property laws; (m) racketeering laws; (n) health and safety laws; (o) labor laws; (p) laws concerning (i) national and local emergency, (ii) possible judicial deference to acts of sovereign states, and (iii) criminal and civil forfeiture; (q) laws of general application to the extent it provides for criminal prosecution (e.g., mail fraud and wire fraud statutes); (r) bulk transfer laws; (s) laws concerning access by the disabled and building codes; (t) title to any property, the characterization of any property as real property, personal property, or fixtures, or the accuracy or sufficiency of any description of collateral or other property; and (u) usury.
- f. Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property nor do we express any opinion with regarding to the sufficiency or accuracy of any legal descriptions contained in the Documents.
- g. The opinions expressed herein regarding the enforceability of the Documents is subject to the qualification that certain of the remedial, waiver or other provisions thereof may not be enforceable; but such unenforceability will not, in our judgment, render the Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Documents, except to the extent of any economic consequences of any procedural delays which

may result therefrom.

- h. The opinion expressed herein as to the enforceability of the Documents is specifically subject to the qualification that enforceability of the Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.
- i. We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Documents.
- j. We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.
- k. The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.
- l. We express no opinion as to the enforceability of any provisions in the Documents purporting to entitle a party to indemnification in respect of any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to you solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon by you for any other purpose or by any other person in any manner or for any purpose.

METCALFE WOLFF STUART & WILLIAMS, LLP

By: _____

EXHIBIT A

Organizational Documents and Certificates

[MWSW to provide]

EXHIBIT E

CLOSING CERTIFICATE OF DEVELOPER

Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the “Developer”), DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. The Developer is a Delaware corporation validly existing and in good standing under the laws of the State of Delaware, authorized to do business in Texas.

2. Representatives of the Developer have provided information to the City of Manor, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the City of its \$[7,090,000] aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”), pursuant to the Preliminary Limited Offering Memorandum, dated February 22, 2021 (the “Preliminary Limited Offering Memorandum”), and Limited Offering Memorandum dated _____, 2021 (the “Limited Offering Memorandum”).

3. The Developer has delivered to the Underwriter and the City true, correct, complete and fully executed copies of the Developer’s organizational documents, and such documents have not been amended or supplemented since delivery to the Underwriter and the City and are in full force and effect as of the date hereof.

4. The Developer has delivered to the Underwriter and the City a (i) Certificate of Status from the Texas Secretary of State and (ii) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Developer.

5. The Developer has executed and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms:

(a) the Developer Letter of Representations dated May 5, 2021;

(b) the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”), and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

(c) the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated

April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

(d) the Major Improvement Area Reimbursement Agreement (the “MIA Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer;

(e) the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

(f) the Waiver of Right of Redemption (the “Redemption Waiver Agreement”) dated May 5, 2021, between the City and the Developer; and

(g) the Continuing Disclosure Agreement of Developer with respect to the Series 2021 MIA Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Developer”), executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent.

6. The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

7. The representations and warranties of the Developer contained in the Developer Documents are true and correct in all material respects on and as of the date hereof.

8. The execution and delivery of the Developer Documents by the Developer does not violate any judgment, order, writ, injunction or decree binding on the Developer or any indenture, agreement, or other instrument to which the Developer is a party. There are no proceedings pending or threatened in writing before any court or administrative agency against the Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the District in accordance with the description thereof in the Limited Offering Memorandum.

9. The Developer has reviewed and approved the information contained in the Preliminary Limited Offering Memorandum in all of the maps included therein and under the captions and subcaptions “PLAN OF FINANCE” (except for “— The Series 2021 MIA Bonds” and “— The Series 2021 IA#1-2 Bonds,” “— Additional Obligations”), “THE MAJOR IMPROVEMENT AREA PROJECTS,” “THE DEVELOPMENT” and “THE DEVELOPER” and, to the Developer’s knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Major Improvement Area Projects, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Developer,” “CONTINUING DISCLOSURE — The Developer” and “— The Developer’s Compliance with Prior Undertakings,” “SOURCES OF INFORMATION — Source of Certain Information,” “APPENDIX E-2,” “APPENDIX F” and APPENDIX G” (collectively, the “Developer Disclosures”) and certifies that the same does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made

therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Preliminary Limited Offering Memorandum and as of the date of the Limited Offering Memorandum; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Preliminary Limited Offering Memorandum.

10. The Developer has reviewed and approved the information contained in the Developer Disclosures in the Limited Offering Memorandum and certifies that the same does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Limited Offering Memorandum and as of the date hereof; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

11. To the Developer's knowledge, the Developer is in compliance in all material respects with all provisions of applicable law relating to the Developer in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) to the Developer's knowledge, there is no default of any zoning condition, land use permit or development agreement binding upon the Developer or any portion of the Development that would materially and adversely affect the Developer's ability to complete or cause to be completed the development of the property within the Major Improvement Area of the District as described in the Limited Offering Memorandum; and (b) the Developer has no reason to believe that any additional permits, consents and licenses required to complete the development of the property within the Major Improvement Area of the District as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

12. The Developer is not insolvent and has not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

13. The levy of Assessments on property in the Major Improvement Area of the District owned by the Developer will not conflict with or constitute a breach of or default under any agreement, mortgage, deed of trust, indenture or other instrument to which the Developer is a party or to which the Developer or any of its property or assets is subject.

14. The Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material and adverse effect on the Series 2021 MIA Bonds or the Developer's ability to perform its obligations under the Developer Documents.

15. The Developer has no knowledge of any physical condition of the Development owned or to be developed by the Developer that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any

applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: _____, 2021

DEVELOPER

FORESTAR (USA) REAL ESTATE GROUP, INC.,
a Delaware corporation

By: _____
[_____]

APPENDIX F

[LETTERHEAD OF P3WORKS, LLC]

_____, 2021

City of Manor, Texas
 105 E. Eggleston Street
 Manor, Texas 78653

FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
 3711 S. MoPac Expy., Building 1, Suite 300
 Austin, Texas 78746

UMB Bank, N.A.
 6034 W. Courtyard Drive, Suite 370
 Austin, Texas 78730

Re: City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”)

Ladies and Gentlemen:

The undersigned, _____, representative of P3Works, LLC (“P3Works”), consultant in connection with the creation by the City of Manor, Texas (the “City”), of Manor Heights Public Improvement District (the “District”), does hereby represent the following:

1. P3Works has supplied certain information contained in the Preliminary Limited Offering Memorandum for the Series 2021 MIA Bonds, dated February 22, 2021, and the final Limited Offering Memorandum for the Series 2021 MIA Bonds, dated [_____] (together, the “Limited Offering Memorandum”), relating to the issuance of the Series 2021 MIA Bonds by the City, as described above. The information P3Works provided for the Limited Offering Memorandum is located (a) under the captions “ASSESSMENT PROCEDURES” and “THE ADMINISTRATOR” and (b) in the Service and Assessment Plan (the “SAP”) for the City located in APPENDIX C to the Limited Offering Memorandum.

2. At the request of the City, P3Works has prepared the SAP and acknowledges and agrees that the SAP will be included in the Limited Offering Memorandum for the Series 2021 MIA Bonds.

3. To the best of my professional knowledge and belief, the portions of the Limited Offering Memorandum described in paragraph 1 above do not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. P3Works agrees to the inclusion of the SAP in the Limited Offering Memorandum and to the use of its name in the Limited Offering Memorandum for the Series 2021 MIA Bonds.

4. P3Works agrees that, to the best of its ability, it will inform you immediately should it learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Series 2021 MIA Bonds (anticipated to occur on or about May 27, 2021) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any such information materially misleading.

5. The undersigned hereby represents that he or she has been duly authorized to execute this letter of representation.

Sincerely yours,

P3WORKS, LLC

By: _____
Its: _____

APPENDIX G

[LETTERHEAD OF FLATO REALTY ADVISORS, LLC]

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expy., Building 1, Suite 300
Austin, Texas 78746

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, Texas 78730

Re: City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) (the “Series 2021 MIA Bonds”)

Ladies and Gentlemen:

The undersigned, _____, representative of Flato Realty Advisors, LLC (“Flato Realty”), the appraiser of the undeveloped property contained in the Manor Heights Public Improvement District (the “District”), does hereby represent the following:

1. Flato Realty has supplied certain information contained in the Preliminary Limited Offering Memorandum for the Series 2021 MIA Bonds, dated February 22, 2021 and the Limited Offering Memorandum for the Series 2021 MIA Bonds, dated _____, 2021 (together, the “Limited Offering Memorandum”), relating to the issuance of the Series 2021 MIA Bonds by the City of Manor, Texas, as described above. The information Flato Realty provided for the Limited Offering Memorandum is the real estate appraisal of the property in the District (the “Appraisal”), located in APPENDIX H to the Limited Offering Memorandum, and the description thereof, set forth under the caption “APPRAISAL OF PROPERTY WITHIN THE MAJOR IMPROVEMENT AREA — The Appraisal.”

2. To the best of my professional knowledge and belief, as of the date of the Appraisal, the portion of the Limited Offering Memorandum described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. Flato Realty agrees to the inclusion of the Appraisal in the Limited Offering Memorandum and the use of its name in the Limited Offering Memorandum for the Series 2021 MIA Bonds.

4. Flato Realty agrees that, to the best of its ability, it will inform you immediately should it learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Series 2021 MIA Bonds (anticipated to

occur on or about May 27, 2021) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in a material fact or render any statement in the appraisal materially misleading.

5. The undersigned hereby represents that he or she has been duly authorized to execute this letter of representations.

Sincerely yours,

FLATO REALTY ADVISORS, LLC

By: _____
Its: _____

EXHIBIT C
REDEMPTION AGREEMENT

**AGREEMENT REGARDING WAIVER OF RIGHT OF REDEMPTION—
MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT – MAJOR IMPROVEMENT
AREA**

THIS AGREEMENT REGARDING WAIVER OF RIGHT OF REDEMPTION—MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT – MAJOR IMPROVEMENT AREA (“Agreement”), dated as of _____, 2021 (the “Effective Date”), by and among Forestar (USA) Real Estate Group, Inc., Delaware Corporation (“Forestar”), and RHOF, LLC, a Texas limited liability company (“RHOF”) (Forestar and RHOF collectively the “Owners” and each an “Owner”) and the City of Manor, Texas (the “City”), a municipal corporation, acting by and through its duly authorized representative. The City and Owners, are sometimes referred to herein individually as a “Party”, and together as the “Parties.”

RECITALS

A. WHEREAS, upon the petition of the then current landowners, on November 7, 2018, the City authorized the formation of the Manor Heights Public Improvement District (the “District”) in accordance with Chapter 372 of the Texas Local Government Code, as amended. The City Council authorized additional land to be added to the boundaries of the District pursuant to a Resolution No. 2020-11 adopted by the City Council on October 7, 2020 (the “Creation Ordinance”). For purposes herein, the “District Property” shall mean that certain approximately 602.9 acres of land located in the City and more particularly described in the Creation Ordinance;

B. WHEREAS, the District Property contains what is referred to as the “Major Improvement Area” which consists of approximately 369.22 acres of land as more particularly described on **Exhibit “A”** attached hereto (the “MIA Property”);

C. WHEREAS, it is intended that the District Property, including the MIA Property, will be developed as a master planned development (the “Project”);

D. WHEREAS, Forestar, as developer of the Project, proposes to construct certain Authorized Improvements (as defined in the Financing Agreement) to serve the District Property, including the MIA Property, and transfer certain of those improvements to the City in accordance with the terms and provisions of the Manor Heights Public Improvement District Financing and Reimbursement Agreement, dated contemporaneously herewith, between Forestar and the City (as consented to by RHOF and Continental Homes of Texas, L.P., a Texas limited partnership (“Horton”) and as may be amended, the “Financing Agreement”).

E. WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement), at the request of Forestar, and with the consent, approval and agreement of the Owners, adopt an assessment ordinance (the “Assessment Ordinance”) and approve the Manor Heights Public Improvement District 2021

Service and Assessment Plan (as may be amended from time to time, the “Assessment Plan”) that provides for the construction and financing of the Authorized Improvements (as defined in the Assessment Plan) for the benefit of the Assessed Property (as herein defined), payable in whole or in part, by and from Assessments levied against the Assessed Property (as herein defined), as more specifically provided for in the Assessment Plan;

F. WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement) levy Assessments on the Assessed Property and issue, in one or more series, bonds for payment of costs associated with construction and/or acquisition of the Authorized Improvements included in the Assessment Plan;

G. WHEREAS, from the proceeds of the bonds the City issues in connection with the Authorized Improvements (the “PID Bonds”), the City, will, upon satisfaction of the conditions and in accordance with the terms set forth in the Financing Agreement, acquire and accept those certain Authorized Improvements provided for in the Financing Agreement and Forestar (as provided in the Financing Agreement) will be paid or reimbursed for all or a portion of the costs of acquisition, construction, and improvement of the Authorized Improvements;

H. WHEREAS, as a condition precedent to the City’s performance of its obligations under the Financing Agreement, Owners have agreed to waive all rights to redeem any portion of the MIA Property which is Assessed Property and that has an agricultural use valuation following a tax sale; and

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

- (a) “Assessed Property” means the portion of the MIA Property that is subject to an Assessment.
- (b) “Assessment” means an assessment levied against all or a portion of the District Property pursuant to an Assessment Ordinance.
- (c) “Exempt Property” shall include any portion of the MIA Property that is designated for agricultural use (which shall include, but not be limited to, any of the uses described in Section 23.51 of the Texas Tax Code, as amended) or is otherwise claimed for agricultural use by the owner thereof for ad valorem tax purposes pursuant to Section 23.41 of the Texas Tax Code or any other applicable statute, law or right.

- (d) “Non-Redeemable Property” shall be those portions of the MIA Property that are Assessed Property and have an Exempt Property status at the time either the applicable ad valorem taxes become past due or at the time that the annual payment on the Assessment levied against the property becomes past due. As of the Effective Date, Non-Redeemable Property is described and/or depicted on “Exhibit B” attached hereto.

SECTION 2. RESTRICTION AGAINST REDEMPTION OF NON-REDEEMABLE PROPERTY

With regard to any and all rights arising under Subchapter B of Chapter 34 of the Texas Tax Code, as amended (“Tax Redemption Rights”), Owners hereby absolutely, unconditionally and irrevocably waive, release, relinquish and surrender forever, on behalf of themselves and their respective successors and assigns, and agree not to assert or exercise any and all Tax Redemption Rights it now has or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire any portion of the MIA Property that is Non-Redeemable Property following a foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, including, without limitation, any and all rights arising under Section 34.21 of the Texas Tax Code, as amended.

SECTION 3. REPRESENTATIONS AND WARRANTIES

The Owners hereby represent and warrant, separately and distinctly from each other Owner, to the City as follows:

(a) Owners represent and warrant that they are duly organized and validly existing under the laws of the State of Texas, are qualified to do business in and are in good standing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and have the power and authority to own their respective properties and assets and to carry on its own business as now being conducted and as now contemplated.

(b) Owners represent and warrant that they have the power and authority to enter into this Agreement, and have taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered on behalf of each such Owner.

No Owner shall be liable for any misrepresentation or breach of warranty of any other Owner.

SECTION 4. MISCELLANEOUS.

(a) Term of Agreement. This Agreement shall continue in full force and effect until the earlier of the date that: (1) the Owners provide written documentation to the City that shows (i) the MIA Property no longer has an agricultural use appraisal, and (ii) the taxes and Assessments

for the final year in which an agricultural use appraisal applied to the MIA Property have been paid in full or (2) the MIA Property no longer contains Non-Redeemable Property. Notwithstanding the foregoing, if on the tenth anniversary of the execution of this Agreement, the conditions above have not been satisfied, this Agreement shall terminate.

(b) Headings Descriptive. The headings of the several Sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

(c) Interpretation. The singular number includes the plural and the use of any gender is not exclusive of any other gender.

(d) Covenants Run with the Land; Transfers of the Property. This Agreement shall be recorded in the deed records of Travis County, Texas, and shall run with the land and the ownership of any Non-Redeemable Property and will act as an appurtenant burden on the Non-Redeemable Property and shall be binding upon the Non-Redeemable Property and all owners, tenants, subtenants, licensees, assignees and occupants thereof and any other party having any interest therein. Upon the acquisition by any party of any interest in the Non-Redeemable Property, such party shall automatically and without further action by such party or any other party be deemed to have assumed and agreed to be bound by this Agreement. Without limiting the foregoing any person who acquires a fee interest in any portion of the Non-Redeemable Property (“Subsequent Owner”) shall, and hereby shall be deemed to have agreed to execute and record in the Real Property Records of Travis County, Texas promptly following the recording of the conveyance instrument, an agreement in form attached hereto as **Exhibit “C”** (the “Acknowledgment and Agreement”) to acknowledge that such person is subject to the terms of this Agreement, expressly agreeing to comply with the terms and provisions of this Agreement applicable to the portion of the Non-Redeemable Property acquired by such person, and waiving such person’s right to redeem such portion of the Non-Redeemable Property.

(e) Notice of Termination. Immediately prior to the termination of this Agreement as contemplated in Subsection (d) of this Section 5, the City shall execute and cause to be recorded the Notice of Termination of this Agreement in the form attached hereto as **Exhibit “D”** in the deed records of Travis County, Texas.

(f) Material Agreement. Owners acknowledge that the agreements and obligations of the Parties set forth herein are a material inducement to the City’s entering into the Financing Agreement, that each Owner is represented by counsel of their own choice with respect to this Agreement, and that each Owner is entering into this Agreement freely and voluntarily and not acting under coercion or duress.

(g) Binding Effect. This Agreement shall be binding upon the Owners and their successors, receivers, trustees, and assigns and shall inure to the benefit of the City, and the successors and assigns of the City.

(h) Amendments. This Agreement may be modified or amended only by a written agreement executed by the City, and each owner of that portion of the Property to be affected by such amendment and recorded in the Real Property Records of Travis County, Texas.

(i) Severability; No Waiver. If any provision of this Agreement is held invalid or unenforceable, no other provision of this Agreement will be affected by such holding and all other provisions of this Agreement will continue in full force and effect. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement will not be deemed a waiver of such requirement or of any other provision, and such Party may at any time thereafter insist upon strict performance of any and all of the provisions of this Agreement.

(j) Notices. Any notice, communication or disbursement required to be given or made hereunder shall be in writing and shall be given or made by facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the address set forth below or at such other address as may be specified in writing by any Party hereto to the other parties hereto. Each notice which shall be mailed or delivered in the manner described above shall be deemed sufficiently given, served, sent and received for all purpose at such time as it is received by the addressee (with return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive evidence of such receipt) at the following addresses.

If to City: City of Manor
Attn: City Manager
105 East Eggleston Street
Manor, Texas 78653

With a copy to: The Knight Law Firm, LLP
Attn: Paige Saenz/Veronica Rivera
223 West Anderson Lane, Suite A-105
Austin, Texas 78752

If to Owners: Forestar (USA) Real Estate Group, Inc.
Attn: John Maberry
10700 Pecan Park Blvd. Suite 150
Austin, Texas 78750

With a copy to: Metcalfe Wolff Stuart & Williams, LLP
Attn: Talley Williams
221 W. 6th, Suite 1300
Austin, Texas 78701
Fax: (512) 404-2245

If to Owners: RHOF, LLC
Attn: Gordon Reger

2730 Transit Road
West Seneca, New York 14224

(k) Third Party Beneficiaries. The provisions of this Agreement are and will be for the benefit of the Parties and the holders of the Bonds only and are not for the benefit of any other third party and, accordingly, no other third party shall have the right to enforce the provisions of this Agreement.

(l) Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

(m) Further Assurances. The applicable Parties agree to take all further action and execute and deliver to the City such additional documents as may be necessary or as the City may reasonably request to carry out the purposes of this Agreement.

(n) Governing Law. This Agreement and the rights and obligations of the Parties hereunder shall be governed by, and construed in accordance with the laws of the State of Texas (without giving effect to the principles thereof relating to conflicts of law).

(o) Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Owners hereby verify that neither the Owners nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Owners, if any, boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Owners understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Owners and exists to make a profit.

(p) Iran, Sudan and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Owners represent that neither the Owners, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Owners is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law and excludes the Owners, and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Owners, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Owners understand “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Owners and exists to make a profit.

(q) Exhibits. The following exhibits are attached to and incorporated into this Agreement for all purposes:

Exhibit “A”- Description of the MIA Property

Exhibit “B”- Description of the Non-Redeemable Property

Exhibit “C”- Acknowledgement of Assumption of Waiver of Right of Redemption

Exhibit “D” – Notice of Termination

[Signature page follows]

IN WITNESS WHEREOF, the Parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives on dates set forth in the acknowledgements below, to be effective as of the day and year first above written.

CITY OF MANOR, TEXAS

By: _____
Name: _____
Title: _____

ATTEST:

City Secretary

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2021, by _____, _____, on behalf of said City.

Notary Public, State of Texas

Forestar (USA) Real Estate Group, Inc.
a Delaware corporation

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2021, by _____, as _____ of Forestar (USA) Real Estate Group, Inc., a Delaware corporation, on behalf of said corporation.

[SEAL]

Notary Public, State of Texas

RHOF, LLC
a Texas limited liability company

By: _____
Name: _____
Title: _____

THE STATE OF _____ §

COUNTY OF _____ §

THIS INSTRUMENT is acknowledged before me on this ___ day of _____, 2021, by _____, as _____ of RHOF, LLC, a Texas limited liability company, on behalf of said company.

[SEAL]

Notary Public, State of _____

Exhibit "A"

Description of MIA Property

Exhibit “B”

Description of Non-Redeemable Property

Exhibit “C”

**ACKNOWLEDGMENT OF ASSUMPTION AND
WAIVER OF RIGHT OF REDEMPTION**

This Acknowledgment of Assumption and Waiver of Right of Redemption (this “Acknowledgment and Agreement”) is entered into effective _____, 20__ by _____, a (whether one or more, the “Buyer”) in favor of the City of Manor, Texas (the “City”) as such term is defined in the Redemption Agreement (defined below).

RECITALS

A. WHEREAS, Buyer has purchased and acquired certain land described on Exhibit A attached hereto (the “Land”); and

B. WHEREAS, the Land is subject to that certain Agreement Regarding Waiver of Right of Redemption-Manor Heights Public Improvement District, dated on or about _____ (the “Redemption Agreement”); and

C. WHEREAS, pursuant to the requirements of the Redemption Agreement, it is a condition to the acquisition of the Land that the Buyer execute this Acknowledgment and Agreement and record same in the Real Property Records of Travis County, Texas; and

D. WHEREAS, the purchase price paid by Buyer for the Property was calculated and determined, in part, based upon the benefits and restrictions applicable to the Land and arising in connection with the Redemption Agreement and the other agreements executed in connection therewith and the requirement that Buyer execute this Acknowledgment and Agreement.

NOW, THEREFORE, in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Buyer hereby represents, warrants and agrees as follows:

1. Buyer acknowledges that the Redemption Agreement continues to affect the Land, and that Buyer has assumed, and Buyer hereby does assume and agree to perform, the obligations of the Owners (as such term is defined in the Redemption Agreement) under the Redemption Agreement with respect to the Land.

2. Buyer hereby absolutely, unconditionally and irrevocably waives, releases, relinquishes and surrenders forever, on behalf of itself and its successors and assigns, and agrees not to assert or exercise any and all rights it now has or in the future may have in equity, pursuant to statute, the Constitution of the State of Texas or otherwise to redeem, repurchase or reacquire, following any foreclosure of a tax lien or sale, transfer or conveyance in connection with a tax sale, any portion of the Land that constitutes Exempt Property, including, without limitation, any and all rights arising under Subchapter B of Chapter 34 of the Texas Tax Code, as amended.

EXECUTED to be effective as of the date first above written.

[SIGNATURE PAGES FOLLOW]

BUYER:

THE STATE OF TEXAS §

COUNTY OF §

This document was acknowledged before me on _____, 20 __, by _____, the _____ of _____, a _____, on behalf of said entity.

Notary Public in and for the State of TEXAS

* Attached description of the Land as **Exhibit A** prior to recording.

Exhibit "D"

NOTICE OF TERMINATION

THE STATE OF TEXAS §
 § KNOW EVERYONE BY THESE PRESENTS:
COUNTY OF TRAVIS §

All rights and obligations under that certain Agreement Regarding Waiver of Right of Redemption-Manor Heights Public Improvement District having an effective date of [____], 2021 (the "Agreement") recorded in the Official Public Records of Travis County, Texas, on _____, 20____, under Instrument No. _____ ARE HEREBY RELEASED and NOTICE IS HEREBY GIVEN of the termination of the Agreement in accordance with its terms.

THE CITY OF MANOR, TEXAS

By: _____
 _____, Mayor

ATTEST:

By: _____
 _____, City Secretary

STATE OF TEXAS §
 §
COUNTY OF _____ §

BEFORE ME, a Notary Public, on this day personally appeared _____, Mayor, and _____, the Secretary of the City of Manor, Texas, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed on behalf of that municipality.

GIVEN UNDER MY HAND AND SEAL of office this _____ day of _____, 20____.

(SEAL)

Notary Public, State of Texas

EXHIBIT D
CONTINUING DISCLOSURE AGREEMENT
OF THE ISSUER

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT AREA PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of May 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the City of Manor, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., Austin, Texas (acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)” (the “Series 2021 MIA Bonds”). The Issuer, the Administrator and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Series 2021 MIA Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of May 1, 2021, between the Issuer and Trustee relating to the Series 2021 MIA Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean P3Works, LLC, or an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, identified in any indenture of trust relating to the Series 2021 MIA Bonds or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Business Day” means any day other than a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of

the Paying Agent/Registrar (as each term is defined in the Indenture) is located are required or authorized by law or executive order to close.

“Developer” shall mean Forestar (USA) Real Estate Group, Inc., a Delaware corporation, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Series 2021 MIA Bonds dated as of May 1, 2021 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean such officer or employee of the Issuer as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Manor Heights Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the calendar year from October 1 through September 30.

“Foreclosure Proceeds” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Major Improvement Area” shall have the meaning assigned to such term in the Indenture.

“Major Improvement Area Assessments” shall have the meaning assigned to such term in the Indenture.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Series 2021 MIA Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Prepayment(s)” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

Section 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Administrator to compile and prepare the Annual Issuer Report. The Administrator shall provide such Annual Issuer Report to the Issuer and the Dissemination Agent no later than 10 Business Days before the expiration of six months after the end of each Fiscal Year.

(b) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, commencing with the Fiscal Year ending September 30, 2021, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer’s Fiscal Year. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Issuer shall or shall cause the Dissemination Agent to:

(1) determine the filing address or other filing location of the MSRB each year within ten (10) Business Days prior to filing the Annual Issuer Report on the date required in subsection (a);

(2) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof;

(3) file audited financial statements of the Issuer pursuant to Section 4(b) herein; and

(4) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

Section 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Series 2021 MIA Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) *Annual Financial Information.* Within six (6) months after the end of each Fiscal Year the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(1) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Series 2021 MIA Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts under the Indenture securing the Series 2021 MIA Bonds and a description of the related investments.

(2) The principal and interest paid on the Series 2021 MIA Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Series 2021 MIA Bonds in the next Fiscal Year.

(3) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update"), including any changes to the methodology for levying the Major Improvement Area Assessments.

(4) The individual and aggregate taxable assessed valuation for parcels or lots within the District, based on the most recent certified tax roll available to the Issuer.

(5) Listing of any Major Improvement Area property owners representing more than five percent (5%) of the levy of Major Improvement Area Assessments, the amount of the levy of Major Improvement Area Assessments against such property owners, and the percentage of such Major Improvement Area Assessments relative to the entire levy of Major Improvement Area Assessments within the District, based on the most recent certified tax roll available to the Issuer.

(6) The current or delinquent status of the payment of the Major Improvement Area Assessments for each parcel or lot in the District as of March 1 of the calendar year immediately succeeding such Fiscal Year.

(7) The five-year collection and delinquency history.

(8) The total amount of (A) Annual Installments invoiced, (B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator), (C) delinquent Annual Installments and the length of time of such delinquency, (D) delinquent Major Improvement Area Assessments collected, (E) Foreclosure Proceeds collected, and (F) prepaid Major Improvement Area Assessments collected, as of the March 1 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

(9) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If such audited financial statements are not complete within the time period specified in subsection 4(a) above, then the Issuer shall provide unaudited financial statements within such period and shall provide audited financial statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs.

The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, or the Issuer's staff if no Administrator is designated, shall prepare and provide the Annual Financial Information.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Series 2021 MIA Bonds:

(1) Principal and interest payment delinquencies.

- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 MIA Bonds, or other material events affecting the tax status of the Series 2021 MIA Bonds.
- (7) Modifications to rights of Owners, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of bonds, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer.
- (13) The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

The Issuer does not intend for any sale by the Developer of real property within Major Improvement Area to be considered a significant event for the purposes of number (10) above.

For these purposes, “financial obligation” means (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an

existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The Issuer intends the words used in numbers (15) and (16) and the definition of “financial obligation” to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

For these purposes, any event described in the immediately preceding number (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice within ten (10) Business Days of the occurrence of such Listed Event; provided that the Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if notice of such Listed Event is received from the Issuer more than ten (10) Business Days after the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. The form for submitting such notice is attached hereto as Exhibit A. Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Series 2021 MIA Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the

Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. The Issuer acknowledges the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer or any Owner or beneficial owner of any interests in the Series 2021 MIA Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number (2), (7), (8), (10), (13), (14), or (15) of subsection (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

Section 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2021 MIA Bonds, when the Issuer is no longer an obligated person with respect to the Series 2021 MIA Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Series 2021 MIA Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Series 2021 MIA Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Series 2021 MIA Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Series 2021 MIA Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Series 2021 MIA Bonds under Section 5(a).

Section 7. Dissemination Agent. The Dissemination Agent agrees to perform the duties set forth in this Disclosure Agreement. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer

discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with sixty (60) days' notice to the Issuer and the Administrator, provided that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Developer, the Dissemination Agent shall resign under the Disclosure Agreement of Developer simultaneously with its resignation hereunder. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be the Trustee. In addition, pursuant to the Disclosure Agreement of Developer, the Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer, and any other party responsible for providing Quarterly Information pursuant to the Disclosure Agreement of Developer, in carrying out their respective obligations under the Disclosure Agreement of Developer, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. In the event the Issuer appoints a new Dissemination Agent under the Disclosure Agreement of Developer, the Issuer shall give written notice of such change to the Administrator and any Party responsible for providing Quarterly Information at least fifteen (15) days prior to the next Quarterly Filing Date. With the exception of the term "Disclosure Agreement of Developer", capitalized terms used in this paragraph shall have the meanings given to such terms in the Disclosure Agreement of Developer.

Section 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2021 MIA Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Series 2021 MIA Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2021 MIA Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Series 2021 MIA Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial

information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2021 MIA Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Series 2021 MIA Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Series 2021 MIA Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Major Improvement Area Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Series 2021 MIA Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent shall not be responsible for the Issuer's failure to submit a complete Annual Report to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

Except as otherwise provided herein, the Administrator shall not have any responsibility for the (1) accuracy of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, or (2) the untimeliness of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, except where such untimeliness is attributable to the actions or inactions of the Administrator. The Administrator shall have only such duties as are specifically set forth in Sections 3 and 4 of this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Major Improvement Area Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability resulting from information provided to the Administrator by the Issuer, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties or the Developer, or the failure of any third party or the Developer to provide information to the Administrator as and when required under this Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Series 2021 MIA Bonds.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. NEITHER THE DISSEMINATION AGENT NOR THE ADMINISTRATOR ARE UNDER ANY OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

Section 12. Assessment Timeline. The basic expected timeline for the collection of Major Improvement Area Assessments and the anticipated procedures for pursuing the collection of delinquent Major Improvement Area Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Major Improvement Area Assessments.

Section 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or Dissemination Agent in other than that person's official capacity.

Section 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 15. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

Section 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Series 2021 MIA Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the Major Improvement Area of the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

Section 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

Section 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 22. Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Dissemination Agent and the Administrator hereby verify that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled

territory, but does not include an action made for ordinary business purposes. The Dissemination Agent and the Administrator understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

Section 23. Iran, Sudan, and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.1 53 or Section 2270.020, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Dissemination Agent and the Administrator understand "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

Section 24. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

[Signature pages follow.]

CITY OF MANOR, TEXAS

By: _____
Dr. Larry Wallace Jr.
Mayor

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: City of Manor, Texas
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project)
 Date of Delivery: _____, 20__
 CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Manor, Texas, has not provided [an Annual Issuer Report] [annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated as of May 1, 2021, between the Issuer, P3Works, LLC, as Administrator and UMB Bank, N.A., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report] [annual audited financial statements] will be filed by _____.

Dated: _____

UMB Bank, N.A.,
 on behalf of the City of Manor, Texas
 (solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Manor, Texas

EXHIBIT B

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
MAJOR IMPROVEMENT PROJECT)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP Numbers: [insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.,
Address: _____
City: _____, Texas _____
Telephone: () - _____
Contact Person: Attn: ____]

SECTION 4(a)(1)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

SECTION 4(a)(1)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

* Excluding Audited Financial Statements of the Issuer

SECTION 4(a)(2)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
---	------------------	-----------------	--------------

ITEMS REQUIRED BY SECTION 4(a)(3) - (6)

[Insert a line item for each applicable listing]

SECTION 4(a)(7)

Collection and Delinquency History of the Major Improvement Area Assessments

<u>Time</u> <u>Period</u> [FISCAL YEAR END]	Total Major Improvement Area Assessments <u>Levied</u>	<u>Parcels</u> <u>Levied</u> ⁽¹⁾	Delinquent Amount as <u>of 3/1</u>	Delinquent % as of 3/1	Delinquent Amount as <u>of 9/1</u>	Delinquent % as of 9/1	Total Major Improvement Area Assessments <u>Collected</u> ⁽²⁾
	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

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

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(8) - (9)

[Insert a line item for each applicable listing]

EXHIBIT C

**BASIC EXPECTED TIMELINE FOR MAJOR IMPROVEMENT AREA ASSESSMENT
COLLECTIONS AND PURSUIT OF DELINQUENCIES**

Date	Delinquency Clock (Days)	Activity
January 31		Major Improvement Area Assessments are due.
February 1	1	Major Improvement Area Assessments Delinquent if not
February 15	15	Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 15. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.
		Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.
		At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Major Improvement Area Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.
		If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
February 15	15	Issuer and/or Administrator should be aware of actual and specific delinquencies.
March 15		Trustee pays bond interest payments to bondholders.
		Reserve Fund payment to Bond Fund may be required if Major Improvement Area Assessments are below approximately 50% collection rate.

Date	Delinquency Clock (Days)	Activity
		Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.
		Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.
		Issuer determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments.
March 31	59/60	Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies in the form of the Annual Issuer Report or otherwise.
		If any property owner with ownership of property responsible for more than \$10,000 of the Major Improvement Area Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Major Improvement Area Assessments.
April 15	74/75	Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.
		If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.
May 1	89/90	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
May 15	103/104	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121).

Date	Delinquency Clock (Days)	Activity
June 1	120/121	Foreclosure action to be filed with the court.
June 15	134/135	Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
July 1	150/151	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Thomas Bolt, City Manager
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on an Ordinance Authorizing the Issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project); Approving and Authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and Other Agreements and Documents in Connection Therewith; Making Findings with Respect to the Issuance of Such Bonds; Providing an Effective Date.

BACKGROUND/SUMMARY:

On November 7, 2018, the City Council approved the creation of the Manor Heights Public Improvement District (PID) and October 7, 2020, the City Council approved the addition of land to the Manor Heights PID. The Developer and the City entered into a Development Agreement, as amended, on the same date the Manor Heights PID was created with the intent that the Developer would be reimbursed for certain public improvements constructed. The attached ordinance is presented to you for consideration to authorize the issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project), among other things.

LEGAL REVIEW: Yes, Completed
FISCAL IMPACT: Not Applicable
PRESENTATION: No
ATTACHMENTS: Yes

- Ordinance No. 611
- IA #1-2 Indenture
- IA #1-2 Bond Purchase Agreement
- IA #1-2 Continuing Disclosure Agreement

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve Ordinance No. 611 Authorizing the Issuance of the City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project); Approving and Authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and Other Agreements and Documents in Connection Therewith; and other related matters.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

ORDINANCE NO. 611

AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF MANOR, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021 (MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1-2 PROJECT); APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT, AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Manor, Texas (the "City"), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), has previously established the "Manor Heights Public Improvement District" (the "District"), pursuant to Resolution No. 2018-10 adopted by the City Council of the City (the "City Council") on November 7, 2018; and

WHEREAS, the authorization creating the District became effective on November 9, 2018 upon publication of Resolution No. 2018-10 in the *Manor Community News*, a newspaper of general circulation in the City; and

WHEREAS, the City Council authorized additional land to be added to the boundaries of the District pursuant to Resolution No. 2020-11, adopted by the City Council on October 7, 2020; and

WHEREAS, pursuant to the PID Act, the City Council published notice and held a public hearing on May 5, 2021 regarding the levy of special assessments within the District and on May 5, 2021 adopted Ordinance No. _____ (the "Assessment Ordinance"); and

WHEREAS, in the Assessment Ordinance, the City Council approved and accepted the "Service and Assessment Plan" (as defined and described in the Assessment Ordinance, the "Service and Assessment Plan") relating to the District and levied the "Assessments" (as defined in the Service and Assessment Plan, the "Assessments") against the "Assessment Rolls" (as defined and described in the Service and Assessment Plan, the "Assessment Roll"). Capitalized terms used in this preamble and not otherwise defined shall have the meaning assigned thereto in the Service and Assessment Plan; and

WHEREAS, the City authorized and approved in substantially final form that certain Manor Heights Public Improvement District Financing and Reimbursement Agreement (the "Financing Agreement") between the City and Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the "Developer"), and as consented to by RHOF, LLC, a Texas limited liability company and Continental Homes of Texas, L.P., a Texas limited partnership, on April 21, 2021, pursuant to which the City has agreed to issue revenue bonds payable from

Assessments to pay for the costs of constructing authorized improvements as identified in the Service and Assessment Plan (the “Authorized Improvements”); and

WHEREAS, the City Council has found and determined that it is in the best interests of the City to issue its bonds to be designated "City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)" (the "Series 2021 IA#1-2 Bonds"), such series to be payable from and secured by the Pledged Revenues, as defined in the Indenture (defined below); and

WHEREAS, the City is authorized by the PID Act to issue the Series 2021 IA#1-2 Bonds for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1-2 Projects (as defined in the Indenture), (ii) paying interest on the Series 2021 IA#1-2 Bonds during and after the period of acquisition and construction of the Improvement Area #1-2 Projects, (iii) funding a reserve fund for payment of principal and interest on the Series 2021 IA#1-2 Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2021 IA#1-2 Bonds; and

WHEREAS, in connection with the issuance of the Series 2021 IA#1-2 Bonds for the purposes of paying the costs of the Improvement Area #1-2 Projects, the City has determined such improvements confer a special benefit on the District, as provided in Section III of the Service and Assessment Plan and further depicted on Exhibit O of the Service and Assessment Plan; and

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

WHEREAS, after conducting the duly noticed public hearing on the issuance of the Series 2021 IA#1-2 Bonds, the City Council, as set out this Ordinance, hereby approves the: (i) issuance of the Series 2021 IA#1-2 Bonds to finance the Improvement Area #1-2 Projects as identified in the Service and Assessment Plan, (ii) form, terms and provisions of the Indenture of Trust securing the Series 2021 IA#1-2 Bonds authorized hereby (defined below), (iii) form, terms and provisions of the Bond Purchase Agreement (defined below) between the City and the purchaser of the Series 2021 IA#1-2 Bonds, (iv) the Limited Offering Memorandum (defined below), and (v) the Continuing Disclosure Agreement (defined below).

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

SECTION 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein.

SECTION 2. Approval of Issuance of Bonds and Indenture of Trust.

(a) The issuance of the Series 2021 IA#1-2 Bonds in the principal amount of \$_____ for the purposes of (i) paying a portion of the Actual Costs of the

Improvement Area #1-2 Projects, (ii) paying interest on the Series 2021 IA#1-2 Bonds during and after the period of acquisition and construction of the Improvement Area #1-2 Projects, (iii) funding a reserve fund for payment of principal and interest on the Series 2021 IA#1-2 Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Series 2021 IA#1-2 Bonds, is hereby authorized and approved.

(b) The Series 2021 IA#1-2 Bonds shall be issued and secured under that certain Indenture of Trust (the "Indenture") dated as of May 1, 2021, between the City and UMB Bank, N.A., as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the Mayor or Mayor Pro Tem of the City, such approval to be evidenced by the execution and delivery of the Indenture, which Indenture is hereby approved in substantially final form attached hereto as Exhibit A and incorporated herein for all purposes. The Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor or Mayor Pro Tem.

(c) The Series 2021 IA#1-2 Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Series 2021 IA#1-2 Bonds shall be in substantially the form set forth in the Indenture with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Series 2021 IA#1-2 Bonds. The Series 2021 IA#1-2 Bonds shall be payable from and secured by the Pledged Revenues (as defined in the Indenture) and other assets of the Trust Estate (as defined in the Indenture) pledged to such Series 2021 IA#1-2 Bonds, and shall never be payable from ad valorem taxes.

SECTION 3. Sale of Bonds; Approval of Bond Purchase Agreement. The Series 2021 IA#1-2 Bonds shall be sold to FMSbonds, Inc. (the "Underwriter") at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the "Bond Purchase Agreement"), dated the date hereof, between the City and the Underwriter, attached hereto as Exhibit B and incorporated herein as a part hereof for all purposes, which terms of sale are declared to be in the best interest of the City. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor or Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. The Mayor's or Mayor Pro Tem's signature on the Bond Purchase Agreement may be attested by the City Secretary.

SECTION 4. Approval of Limited Offering Memorandum. The City Council, at a regular called meeting on April 21, 2021, adopted Resolution No. 2021-09 whereby it found and determined that the Preliminary Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds, dated April 22, 2021 (the "Preliminary Limited Offering Memorandum") was approved in form and content, with such changes, addenda, supplements, or amendments as may be approved by the City Manager, Finance Director, financial advisor, counsel or bond counsel to the City. The Preliminary Limited Offering Memorandum was "deemed final" (as that term is

defined in 17 C.F.R. Section 240.15c2-12) on April 22, 2021, the date it was made public, such deeming as final is hereby ratified, confirmed and approved. The final Limited Offering Memorandum (the "Limited Offering Memorandum") is hereby approved and adopted with such changes and alteration therein as the Mayor, Mayor Pro Tem, the City Manager, the Finance Director, the City Secretary, and other appropriate officials of the City may approve, such approval to be conclusively evidenced by the delivery thereof. The Limited Offering Memorandum as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor or Mayor Pro Tem, and the Underwriter, may be used by the Underwriter in the offering and sale of the Series 2021 IA#1-2 Bonds. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of the meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Series 2021 IA#1-2 Bonds is hereby ratified, approved and confirmed. Notwithstanding the execution, approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor or Mayor Pro Tem, the Mayor or Mayor Pro Tem and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to the Manor Heights Public Improvement District, the Developer or its financial ability, any builders, any landowners, or the appraisal of the property in the District.

SECTION 5. Approval of Continuing Disclosure Agreement of the Issuer. That certain Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between the City, P3Works, LLC (as the "PID Administrator") and UMB Bank, N.A. (as the "Dissemination Agent") is hereby authorized and approved in substantially final form attached hereto as Exhibit C and incorporated herein for all purposes and the Mayor or the Mayor Pro Tem of the City is hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and as approved by the Mayor or the Mayor Pro Tem, such approval to be evidenced by the execution thereof.

SECTION 6. Additional Actions. The Mayor, the Mayor Pro Tem, the Finance Director, the City Manager, and the City Secretary are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Series 2021 IA#1-2 Bonds in accordance with the terms of this Ordinance. The Mayor, the Mayor Pro Tem, the Finance Director, the City Manager, and the City Secretary are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Series 2021 IA#1-2 Bonds and the carrying out of the purposes and intent of this Ordinance.

SECTION 7. Severability. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

SECTION 8. Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 9. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 10. Construction of Terms. If appropriate in the context of this Ordinance, words of the plural shall be considered to include the singular, and words of the masculine, feminine or neutral gender shall be considered to include the other genders.

SECTION 11. Effective Date. This Ordinance is passed on one reading as authorized by Texas Government Code, Section 1201.028, as amended, and shall be effective immediately upon its passage and adoption.

SECTION 12. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance is passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

[The remainder of this page left blank intentionally]

PASSED, APPROVED AND EFFECTIVE THIS 5TH DAY OF MAY, 2021.

Dr. Larry Wallace Jr., Mayor
City of Manor, Texas

ATTEST:

Lluvia T. Almaraz, City Secretary
City of Manor, Texas

[CITY SEAL]

EXHIBIT A
INDENTURE OF TRUST

INDENTURE OF TRUST

By and Between

CITY OF MANOR, TEXAS

and

**UMB BANK, N.A.,
as Trustee**

DATED AS OF MAY 1, 2021

SECURING

\$, ,
CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST, dated as of May 1, 2021 is by and between the CITY OF MANOR, TEXAS (the “*City*”), and UMB BANK, N.A., as trustee (together with its successors, the “*Trustee*”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition (the “*Petition*”) was submitted by Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company, and filed with the City Secretary of the City (the “*City Secretary*”) on September 10, 2018, pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “*PID Act*”), requesting the creation of a public improvement district located in the City to be known as the Manor Heights Public Improvement District (the “*District*”); and

WHEREAS, the Petition contained the signatures of the owners of taxable property representing more than fifty-percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Travis Central Appraisal District, and the signatures of property owners who own taxable real property that constitutes more than fifty-percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on November 7, 2018 after due notice, the City Council of the City (“*City Council*”) held a public hearing in the manner required by law on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2018-10 adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on November 9, 2018 the City published notice of its authorization of the creation of the District in the *Manor Community News*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the creation of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after November 9, 2018; and

WHEREAS, on October 7, 2020, after due notice, the City Council held a public hearing in the matter required by law on the advisability of adding additional land to the boundaries of the District; and

WHEREAS, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2020-11 adopted by a majority of the members of the City Council, authorized adding additional land to the boundaries of the District; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, filed proposed “Assessment Rolls” for the District with the City Secretary and made the proposed Assessment Rolls subject to public inspection, and also directed and caused the City Secretary to publish notice of a public hearing on May 5, 2021 in the *Manor Journal*, a newspaper of general circulation in the City, for the consideration of the proposed “Improvement Area #1 Assessments,” “Improvement Area #2 Assessments,” and the “Major Improvement Area Assessments” (collectively, the “Assessments”) and the “Service and Assessment Plan,” and to, on the same date, mailed notice of the public hearing to the last known address of each property owner liable for such assessments; and

WHEREAS, on May 5, 2021, the City Council convened the public hearing, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to make any objection to the proposed Assessment Rolls and the Assessments; and

WHEREAS, at the May 5, 2021 public hearing referenced above, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Actual Costs (defined herein), the Assessment Rolls, or the levy of the Assessments; and

WHEREAS, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City Secretary or the City, the City Council closed the hearing; and

WHEREAS, on May 5, 2021, the City approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and adopted Ordinance No. 2021-___ (the “*Assessment Ordinance*”) and therein levied the Improvement Area #1 Assessments, Improvement Area #2 Assessments, and Major Improvement Area Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #1 Assessments and Improvement Area #2 Assessments for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1-2 Projects (defined herein), (ii) paying interest on the Series 2021 IA#1-2 Bonds (defined herein) during and after the period of acquisition and construction of the Improvement Area #1 Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 IA#1-2 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 IA#1-2 Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such series of Bonds (defined herein) to be entitled “City of Manor, Texas Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)” (the “*Series 2021 IA#1-2 Bonds*”), such Series 2021 IA#1-2 Bonds being payable solely from the Trust Estate (defined herein), consisting primarily of the Improvement Area #1 Assessment Revenue (defined herein), the Improvement Area #2 Assessment Revenue (defined herein), and other funds pledged under this Indenture to the payment of Series 2021 IA#1-2 Bonds and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Trustee has agreed to accept the trusts herein created and to serve as Trustee upon the terms set forth in this Indenture.

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners (defined herein) thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the "*Trust Estate*"):

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds, including any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and

SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof; and

THIRD GRANTING CLAUSE

Any and all proceeds and products of the foregoing property described in the above granting clauses;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and ratable benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, if and to the extent that Improvement Area #1 Assessments and Improvement Area #2 Assessments have been prepaid, the lien on the real property associated with such Prepayment shall be released and the rights of the Trustee and Owners under this Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released real property shall terminate;

FURTHER PROVIDED, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or redemption price of and the interest on all the Bonds at the times

and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect; and

IN ADDITION, the Bonds are special obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Trust Estate.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

“*10% or Greater Manner*” shall have the meaning assigned to such term in Section 4.5(a).

“*Account*” means any of the accounts established pursuant to Section 6.1 of this Indenture.

“*Actual Costs*” means, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; (6) to implement, administer, and manage the above-described activities; and (7) for the creation of the District and the costs of the issuance of the Bonds. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

“*Additional Interest Rate*” means the incremental interest rate charged on the Improvement Area #1 Assessments and the Improvement Area #2 Assessments securing the Bonds, in excess of the interest rate charged on the Bonds, in the amount of one-half of one percent (0.50%) as authorized pursuant to the PID Act.

“*Additional Interest Reserve Account*” means the Account established pursuant to Section 6.1 hereof.

“*Additional Interest Reserve Requirement*” means, initially, an amount equal to 5.5% of the par amount of the Outstanding Bonds which will be funded from the payment of the Additional Interest deposited to the Pledged Revenue Fund.

“*Additional Obligations*” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Improvement Area #1 Assessments securing the Bonds, levied against property within Improvement Area #1 of the District and other than the Improvement Area #2 Assessments securing the Bonds, levied against property within Improvement Area #2 of the District, in accordance with the PID Act.

“*Administrative Fund*” means that Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

“*Administrator*” means P3Works, LLC, unless and until a different Administrator is designated by the City and if no Administrator is designated, the City.

“*Annual Collection Costs*” means, with respect to Improvement Area #1 and Improvement Area #2, the actual or budgeted costs and expenses related to the creation and operation of the District, the issuance and sale of the Bonds, and the construction, operation and maintenance of the Improvement Area #1-2 Projects, 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 Improvement Area #1 Assessments, Improvement Area #2 Assessments, and Annual Installments; (4) preparing and maintaining records with respect to Improvement Area #1 Assessment Rolls, Improvement Area #2 Assessment Rolls, and Annual Service Plan Updates; (5) issuing, paying, and redeeming the Bonds; (6) investing or depositing Improvement Area #1 Assessments, Improvement Area #2 Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to the administration of a reimbursement agreement and the issuance and sale of the Bonds, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Amounts collected for Annual Collection Costs but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“*Annual Debt Service*” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as

scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, with respect to each Improvement Area #1 Assessed Property and Improvement Area #2 Assessed Property, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Assessment Rolls attached to the Service and Assessment Plan as Exhibit F as it relates to the Improvement Area #1 Improvements and Exhibit H as it relates to the Improvement Area #2 Improvements; which annual payment includes Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

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

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

“Assessed Property” means each respective Parcel of land located within the District, other than Non-Benefited Property, against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Assessment(s)” means the aggregate assessments shown on the Improvement Area #1 Assessment Roll, which is Exhibit F to the Service and Assessment Plan, and the Improvement Area #2 Assessment Roll, which is Exhibit H to the Service and Assessment Plan. The singular of such term means the assessment levied against an Assessed Property, as shown on the Improvement Area #1 or Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Assessment Ordinance” means Ordinance No. 2021-___ adopted by the City Council on May 5, 2021 that levied the Assessments on the Assessed Properties.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“Assessment Roll” or *“Assessment Rolls”* means collectively or separately as applicable, the Assessment Rolls for the Assessed Properties within the District, included in the Service and Assessment Plan as Exhibit F for Improvement Area #1, as Exhibit H for Improvement Area #2, and as Exhibit J for Major Improvement Area, or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments, 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 the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“*Authorized Denomination*” means \$100,000 and any integral multiple of \$5,000 in excess thereof, or such smaller amount authorized by Section 4.5(c); *provided, however*, that upon receipt by the Paying Agent/Registrar of written evidence that the Bonds have received an Investment Grade Rating, Authorized Denomination shall mean \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. With respect to Bonds issued other than the Series 2021 IA#1-2 Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Bonds.

“*Authorized Improvements*” means those public improvements, including the Improvement Area #1 Improvements, the Improvement Area #2 Improvements and the Major Improvements authorized by Section 372.003 of the PID Act, including those listed in Section III and Exhibit C and depicted in Exhibit O of the Service and Assessment Plan.

“*Bond Counsel*” means Bickerstaff Heath Delgado Acosta LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“*Bond Date*” means the date designated as the initial date of the Series 2021 IA#1-2 Bonds by Section 3.2(a) of this Indenture.

“*Bond Fund*” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 hereof.

“*Bond Ordinance*” means Ordinance No. 2021-____ adopted by the City Council on May 5, 2021, authorizing the issuance of the Series 2021 IA#1-2 Bonds pursuant to this Indenture.

“*Bond Year*” means the one-year period beginning on September 15 in each year and ending on September 14 in the following year.

“*Bonds*” or “*Bond*” means all bonds or any bond authorized by the bond ordinance and issued in accordance with this Indenture, including the Series 2021 IA#1-2 Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close.

“*Certification for Payment*” means a certification for payment substantially in the forms of Exhibit D attached to the Financing Agreement executed by Forestar (USA) Real Estate Group, Inc. and submitted to the City and approved by the City Representative, specifying the amount of work performed and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in accounts of the Project Fund as further described in the Financing Agreement and Section 6.5 herein.

“City” means the City of Manor, Texas.

“City Certificate” means a certificate signed by the City Representative and delivered to the Trustee certifying that the Trustee is authorized to take the action specified in the City Certificate, and a form of the City Certificate is included as *Exhibit B* to this Indenture.

“City Council” shall have the meaning ascribed to such term in the recitals hereof.

“City Engineer” means the civil engineer or firm of civil engineers selected by the City to perform the duties set forth herein and in the Financing Agreement.

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein.

“Closing Date” means the date of the initial delivery of and payment for the applicable Series of Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

“Continuing Disclosure Agreements” or “Continuing Disclosure Agreement” means both, or either of, the Continuing Disclosure Agreements by and between the City, the Administrator and the Dissemination Agent with respect to the Series 2021 IA#1-2 Bonds, and by and between Forestar (USA) Real Estate Group, Inc., the Administrator and the Dissemination Agent, with respect to the Series 2021 IA#1-2 Bonds.

“County” means Travis County, Texas.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

“Delinquent Collection Costs” means for an Assessed Property, 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 or Improvement Area #2 Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Austin, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Developer” means Forestar (USA) Real Estate Group, Inc., a Delaware corporation.

“Development Agreement” means the agreement titled the “Development Agreement,” and which was entered into by and between the City, Sky Village Kimbro Estates, LLC, a Texas limited liability company, and RHOF, LLC, a Texas limited liability company on November 7,

2018, as assigned to Forestar (USA) Real Estate Group, Inc. on October 31, 2019, as amended on November 6, 2019, and as further amended on October 21, 2020.

“*Dissemination Agent*” means UMB Bank, N.A., and its successors.

“*District*” shall have the meaning set forth in the first recital.

“*DTC*” means The Depository Trust Company of New York, New York, or any successor securities depository.

“*DTC Participant*” means brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“*Event of Default*” shall have the meaning with respect to this Indenture set forth in Section 11.1 hereof.

“*Excess Additional Interest Reserve Amount*” shall have the meaning set forth in Section 6.7(e) hereof.

“*Financing Agreement*” means the “*Manor Heights Public Improvement District Financing and Reimbursement Agreement*” between the City and the Developer, and as consented to by RHOF, LLC and by Continental Homes of Texas, L.P., effective as of _____, 2021, which provides, in part, for the deposit of proceeds from the issuance and sale of the Series 2021 IA#1-2 Bonds and the Major Improvement Area Bonds and the payment of Actual Costs of Authorized Improvements within in the District, the issuance of bonds, the reimbursement of Actual Costs to the Developer from the proceeds of the Series 2021 IA#1-2 Bonds and the Major Improvement Area Bonds for funds advanced by the Developer and used to pay Actual Costs of Authorized Improvements and other matters related thereto.

“*Foreclosure Proceeds*” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Improvement Area #1 Assessments against any Improvement Area #1 Assessed Property or Improvement Area #1 Assessed Properties, or the Improvement Area #2 Assessments against any Improvement Area #2 Assessed Property or Assessed Properties, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“*Fund*” means any of the funds established pursuant to Section 6.1 of this Indenture.

“*IA#1 Improvements Subaccount*” means the subaccount of such name established pursuant to Section 6.1 hereof.

“*IA#1-2 Costs of Issuance Account*” means the Account established pursuant to Section 6.1 hereof.

“*IA#1-2 Improvements Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*IA#1-2 Major Improvements Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*IA#2 Improvements Subaccount*” means the subaccount of such name established pursuant to Section 6.1 hereof.

“*Improvement Area #1*” means the area to be developed within the District, that is described by metes and bounds in Exhibit A-2 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-2 to the Service and Assessment Plan.

“*Improvement Area #1 Assessed Property*” means each respective Parcel of land located within Improvement Area #1 of the District, other than Non-Benefited Property, against which an Improvement Area #1 Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Improvement Area #1 Assessment(s)*” means the aggregate assessments shown on the Improvement Area #1 Assessment Roll. The singular of such term means the assessment levied against an Improvement Area #1 Assessed Property, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of an Improvement Area #1 Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“*Improvement Area #1 Assessment Revenue*” means monies collected by or on behalf of the City from any one or more of the following: (i) an Improvement Area #1 Assessment levied against an Improvement Area #1 Assessed Property, or Annual Installment payment thereof, including any interest on such Improvement Area #1 Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“*Improvement Area #1 Assessment Roll*” means the Assessment Roll attached as Exhibit F to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Improvement Area #1 Assessment against each Improvement Area #1 Assessed Property related to the Bonds and the Improvement Area #1 Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“*Improvement Area #1 Improvements*” means those Authorized Improvements that only benefit Improvement Area #1, more specifically described in Section III.B of the Service and Assessment Plan, and more specifically described in Section III.B of the Service and Assessment Plan, and which are to be financed with the Series 2021 IA#1-2 Bonds.

“*Improvement Area #1 Projects*” means Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements.

“*Improvement Area #1-2 Projects*” means, collectively, Improvement Area #1 Projects and Improvement Area #2 Projects.

“Improvement Area #1-2 Reimbursement Agreement” means the Reimbursement Agreement, effective as of March 26, 2021, and as amended on May 5, 2021, by and between the City and the Developer that provides for reimbursement of a portion of the Actual Costs of the Improvement Area #1-2 Projects, plus interest, not paid to Developer from the Series 2021 IA#1-2 Bonds to be paid to the Developer from Improvement Area #1 Assessments and Improvement Area #2 Assessments.

“Improvement Area #2” means the area to be developed within the District, that is described by metes and bounds in Exhibit A-3 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-3 to the Service and Assessment Plan.

“Improvement Area #2 Assessed Property” means each respective Parcel of land located within Improvement Area #2 of the District, other than Non-Benefited Property, against which an Improvement Area #2 Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

“Improvement Area #2 Assessment(s)” means the aggregate assessments shown on the Improvement Area #2 Assessment Roll. The singular of such term means the assessment levied against an Improvement Area #2 Assessed Property, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of an Improvement Area #2 Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Improvement Area #2 Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Improvement Area #2 Assessment levied against an Improvement Area #2 Assessed Property, or Annual Installment payment thereof, including any interest on such Improvement Area #1 Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, (iii) Delinquent Collection Costs, and (iv) Foreclosure Proceeds.

“Improvement Area #2 Assessment Roll” means the Assessment Roll attached as Exhibit H to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Improvement Area #2 Assessment against each Improvement Area #2 Assessed Property related to the Bonds and the Improvement Area #2 Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Improvement Area #2 Improvements” means those Authorized Improvements that only benefit Improvement Area #2, and more specifically described in Section III.C of the Service and Assessment Plan, and which are to be financed with the Series 2021 IA#1-2 Bonds.

“Improvement Area #2 Projects” means Improvement Area #2 Improvements and Improvement Area #2’s allocable share of the Major Improvements.

“Indenture” means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

“*Independent Financial Consultant*” means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City or related by consanguinity or affinity to any such officer or employee, but who may be regularly retained to make reports to the City.

“*Initial Bond*” means, with respect to the Series 2021 IA#1-2 Bonds, the Initial Series 2021 IA#1-2 Bond, and with respect to any other Series of Bonds, the initial bond set forth in the applicable Supplemental Indenture.

“*Initial Series 2021 IA#1-2 Bond*” means the Initial Series 2021 IA#1-2 Bond as set forth in *Exhibit A* to this Indenture.

“*Interest Payment Date*” means the date or dates upon which interest on the Series 2021 IA#1-2 Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year, commencing [], 202_.

“*Investment Grade Rating*” means a rating on the Bonds, assigned by a Rating Agency in one of such Rating Agency's four highest categories for long-term debt instruments (without regard for gradation within a rating category and without regard for credit enhancement unless such credit enhancement extends through the final maturity date of the Bonds) or otherwise designated as investment grade by a Rating Agency.

“*Investment Securities*” mean those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and that at the time made are included in and authorized by the City’s official investment policy as approved by the City Council from time to time.

“*Landowner*” or “*Landowners*” means collectively Forestar (USA) Real Estate Group, Inc., a Delaware corporation, RHOF, LLC, a Texas limited liability company, and Continental Homes of Texas, L.P., a Texas limited partnership, and any successor and assigns, or if Landowner’s interest in property located in the District is transferred, in whole or in part, in any manner, the subsequent landowner(s) or the successors(s) or assign(s) of such subsequent landowner.

“*Less Than 10% Manner*” shall have the meaning assigned to such term in Section 4.5(a).

“*Major Improvement Area*” means the area to be developed within the District that is described by metes and bounds in Exhibit A-4 of the Service and Assessment Plan and generally depicted on the map in Exhibit B-4 to the Service and Assessment Plan.

“*Major Improvement Area Assessments*” means the Assessments levied on the Major Improvement Area.

“*Major Improvement Area Bond Indenture*” means the Indenture of Trust dated as of May 1, 2021 between the City and UMB Bank, N.A., securing the Major Improvement Area Bonds.

“*Major Improvement Area Bonds*” means those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Major Improvement Area Project) that are secured by actual revenues received by or on behalf of the City from the collection of the Major Improvement Area Assessments.

“*Major Improvement Area Projects*” means the Major Improvement Area’s allocable share of the Major Improvements.

“*Major Improvements*” means the improvements and associated soft costs that benefit the entire District and are allocated pro rata to Improvement Area #1, Improvement Area #2 and the Major Improvement Area based on estimated buildout value, and are more specifically described in Section III.A of the Service and Assessment Plan, and which are to be financed in part with the Series 2021 IA#1-2 Bonds and the Major Improvement Area Bonds.

“*Maximum Annual Debt Service*” means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

“*Non-Benefited Property*” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements. Property is identified as Non-Benefitted Property at the time the Assessments (1) are imposed or (2) are reallocated pursuant to a subdivision of a Parcel that is not assessed.

“*Outstanding*” means, as of any particular date when used with reference to Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article IV, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.11 herein.

“*Owner*” or “*Holder*” means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.13 herein.

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

“*Paying Agent/Registrar*” means initially the Trustee, or any successor thereto as provided in this Indenture.

“*Person*” or “*Persons*” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“*PID Act*” means Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“*PID Bonds*” means the Bonds and any other bonds issued by the City and secured by Assessments levied on Assessed Properties within the District.

“*Pledged Funds*” means the Pledged Revenue Fund, the Bond Fund, the Project Fund (but only with respect to such accounts of the Project Fund created pursuant to the terms of this Indenture), the Reserve Fund, and the Redemption Fund.

“*Pledged Revenue Fund*” means that fund established pursuant to Section 6.1 hereof and administered pursuant to Section 6.3 herein.

“*Pledged Revenues*” means the sum of (i) Improvement Area #1 Assessment Revenue and Improvement Area #2 Assessment Revenue (other than Delinquent Collection Costs); (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of Bonds.

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

“*Principal and Interest Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Project Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“*Purchaser*” means, with respect to a Series of Bonds, the initial underwriter of such Bonds.

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

“*Rating Agency*” means each of Moody's Investors Service, Inc., S&P Global Ratings, Fitch Ratings Inc., Kroll Bond Rating Agency, Inc., and any other nationally recognized statistical rating organization recognized as such by the SEC.

“*Rebate Amount*” has the meaning ascribed to such term in section 1.148-1(b) of the Regulations.

“*Rebate Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“*Record Date*” means the close of business on the last calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“*Redemption Fund*” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

“*Redemption Price*” means 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

“*Refunding Bonds*” means Bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate issued pursuant to Section 3.6 hereof, as more specifically described in a Supplemental Indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“*Register*” means the register specified in Article III of this Indenture.

“*Regulations*” shall have the meaning set forth in Section 7.5(a) hereof.

“*Reserve Account*” means the Account of such name established pursuant to Section 6.1 hereof.

“*Reserve Account Requirement*” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date therefor, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date therefor, or (iii) 10% of the lesser of the par amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$[], which is an amount equal to Maximum Annual Debt Service on the Bonds as of the Closing Date therefor.

“*Reserve Fund*” means that fund established pursuant to Section 6.1 and administered in Section 6.7 herein.

“*SEC*” means the United States Securities and Exchange Commission.

“*Series*” means any designated series of Bonds issued under this Indenture.

“*Series 2021 IA#1-2 Bonds*” means those certain “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) that are secured by actual revenues received by or on behalf of the City from the collection of Improvement Area #1 Assessments levied against Improvement Area #1 Assessed Property and Improvement Area #2 Assessments levied against Improvement Area #2 Assessed Property, or the Annual Installments thereof, for Improvement Area #1 and Improvement Area #2.

“*Service and Assessment Plan*” means the document, including the Assessment Rolls, as amended, which is attached as Exhibit A to the Assessment Ordinance, as same is amended and updated from time to time.

“*Sinking Fund Installment*” means the amount of money to redeem or pay at maturity the principal of Series 2021 IA#1-2 Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“*Stated Maturity*” means the date the Bonds are scheduled to mature without regard to any redemption or prepayment.

“*Supplemental Indenture*” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

“*Tax Certificate*” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Series 2021 IA#1 Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date for the Series 2021 IA#1 Bonds which establish that it is not expected that the proceeds of the Series 2021 IA#1 Bonds will be used in a manner that would cause the interest on such Series 2021 IA#1 Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

“*Trust Estate*” means the Trust Estate described in the granting clauses of this Indenture.

“*Trustee*” means UMB Bank, N.A., Austin, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, solely in its capacity as Trustee hereunder and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

Section 1.2. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Words importing persons include any legal person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization and government or agency or political subdivision thereof.

(c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE II THE BONDS

Section 2.1. Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Trust Estate.

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

Section 2.2. Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4. Contract with Owners and Trustee.

(a) The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Series 2021 IA#1-2 Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and general laws of the State of Texas, including particularly the PID Act, as amended. The Series 2021 IA#1-2 Bonds shall be issued in the aggregate principal amount of \$_____ for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1-2 Projects, (ii) paying interest on the Series 2021 IA#1-2 Bonds during and after the period of acquisition and construction of the Improvement Area #1-2 Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 IA#1-2 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 IA#1-2 Bonds.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Series 2021 IA#1-2 Bonds shall be dated May 1, 2021 (the “*Bond Date*”) and shall be issued in Authorized Denominations. Upon the receipt of an Investment Grade Rating on the Series 2021 IA#1-2 Bonds, the City shall promptly notify the Dissemination Agent in writing of such rating change and shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the Municipal Securities Rulemaking Board and to forward such notice to the Paying Agent/Registrar and to the Trustee. The Dissemination Agent shall file such notice and forward the same to the Paying Agent/Registrar and to the Trustee immediately following the day on which it receives written notice of such occurrence from the City. Any such notice is required to be filed within ten (10) Business Days of the occurrence of the receipt of the Investment Grade Rating. Upon receipt by the Paying Agent/Registrar of written evidence that the Series 2021 IA#1-2 Bonds have received an Investment Grade Rating, beneficial ownership in the Series 2021 IA#1-2 Bonds may be acquired in principal denominations of \$5,000 or any integral multiple thereof, notwithstanding any subsequent downgrade, suspension or withdrawal of such rating. The Series 2021 IA#1-2 Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Series 2021 IA#1-2 Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Series 2021 IA#1-2 Bond from the later of the date of initial delivery of the Series 2021 IA#1-2 Bonds or the most recent Interest Payment

Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing [] 15, 202__ computed on the basis of a 360-day year of twelve 30-day months.

(c) The Series 2021 IA#1-2 Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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[INSERT TABLE]

(d) The Series 2021 IA#1-2 Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Series 2021 IA#1-2 Bond set forth in *Exhibit A* to this Indenture.

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Series 2021 IA#1-2 Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Series 2021 IA#1-2 Bonds and, upon payment of the purchase price of the Series 2021 IA#1-2 Bonds, shall deliver the Series 2021 IA#1-2 Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (1) a certified copy of the Assessment Ordinance;
- (2) a certified copy of the Bond Ordinance;
- (3) a copy of the executed Financing Agreement;
- (4) a copy of the executed Improvement Area #1-2 Reimbursement Agreement;
- (5) a copy of this Indenture executed by the Trustee and the City;
- (6) a City Certificate directing the authentication and delivery of the Series 2021 IA#1-2 Bonds, describing the Series 2021 IA#1-2 Bonds to be authenticated and delivered, designating the purchasers to whom the Series 2021 IA#1-2 Bonds are to be delivered, stating the purchase price of the Series 2021 IA#1-2 Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;
- (7) a copy of the executed opinion of Bond Counsel; and

(8) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

(b) Each Series of Refunding Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Refunding Bonds and, upon payment of the purchase price of such Series of Refunding Bonds, shall deliver such Series of Refunding Bonds upon the order of the City, but only upon delivery to the Trustee of:

(1) the items described in Section 3.3(a)(1), (3), (4), and (5) above;

(2) a certified copy of the ordinance of the City Council authorizing the issuance of such Series of Refunding Bonds and all actions necessary therefor;

(3) an original executed counterpart of the Supplemental Indenture for such Series of Refunding Bonds that establishes, 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, which such terms shall include a deposit into the Reserve Account of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds and the Refunding Bonds then proposed to be issued;

(4) a copy of the opinion of Bond Counsel required by Section 10.1 hereof;

(5) a City Certificate, including the requisite information as set forth in Section 3.3(a)(5) above, to the effect that the issuance of such Series of Refunding Bonds complies with the requirements contained herein and in each Supplemental Indenture;

(6) the City Representative shall certify to the Trustee in writing 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 herein or in any Supplemental Indenture;

(7) evidence reasonably satisfactory to the Trustee that the principal (including sinking fund installments) of such Refunding Bonds is scheduled to mature on September 15 of the years in which principal is scheduled to mature; and

(8) evidence reasonably satisfactory to the Trustee that the interest on such Refunding Bonds is scheduled to be paid on March 15 and September 15 of the years in which interest is scheduled to be paid.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, that continues for thirty (30) days or more thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Trustee, if and when funds for the payment of such interest have been received

from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date*," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar. If any Bond is not presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the City to the Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Owner of such Bond who shall thereafter be restricted exclusively to such fund or funds for any claim of whatever nature on his part under this Indenture, or with respect to, said Bond. If any Bond shall not be presented for payment within one year following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall return to the City such funds theretofore held by it for payment of such Bonds. Thereafter, the registered Owner of that Bond shall look only to the City for payment and then only to amounts so received by the City. The obligations of the Trustee under this Section shall be subject, however, to any law applicable to the unclaimed funds or the Trustee providing other requirements for the disposition of unclaimed property.

(e) In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is not a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of

such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem of the City and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, each Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that each Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On each Closing Date, one Initial Bond representing the entire principal amount of all of the Bonds of such Series, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem of the City and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for such Initial Bond, the Trustee shall cancel the Initial Bond and upon City Certificate deliver to DTC on behalf of the Purchaser one registered definitive Bond for each year of maturity of the applicable Series of Bonds, in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or

Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the City reserves the right to incur debt payable solely from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 15 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 15 and September 15. 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.

(c) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 3.6 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 the items required by Section 3.3(b) above.

Section 3.7. Ownership.

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will maintain a copy of the Register, and, upon written request from the City, file with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within 45 days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond redeemed in part.

(h) Following the delivery and registration of the Initial Bond of a given Series and pending the preparation of definitive Bonds for such Series of Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

Section 3.9. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

Section 3.10. Temporary Bonds

(a) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(b) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.11. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the City shall issue and the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of

any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.12. Book-Entry Only System.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the letter of representations from the City to DTC. On the Closing Date for the applicable Series of Bonds, the definitive Bonds of such Series of Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the

relevant Record Date, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

Section 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.14. Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket letter of representations from the City to DTC.

Section 3.15. Use of Book-Entry-Only System Not Required.

Notwithstanding any provision of this Indenture to the contrary, any Supplemental Indenture may provide that a Series of Bonds will not be issued in book-entry-only form and that Sections 3.12 – 3.14 of this Indenture will not apply to such Series of Bonds.

ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Series 2021 IA#1-2 Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds other than the Series 2021 IA#1-2 Bonds shall be subject to redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Series 2021 IA#1-2 Bonds are subject to mandatory sinking fund redemption prior to 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 pursuant

to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Series 2021 IA#1-2 Bonds Maturing September 15, 20

[INSERT TABLE]

Term Series 2021 IA#1-2 Bonds Maturing September 15, 20

[INSERT TABLE]

(b) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subsections (c) through (d) of this Section 4.2, the Trustee shall select by lot, a principal amount of Series 2021 IA#1-2 Bonds of such maturity equal to the Sinking Fund Installment amount of such Series 2021 IA#1-2 Bonds to be redeemed on such mandatory sinking fund redemption date, shall call such Series 2021 IA#1-2 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Series 2021 IA#1-2 Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 IA#1-2 Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The Sinking Fund Installments of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 IA#1-2 Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, hereof, and not previously credited to a mandatory sinking fund redemption, as follows:

(i) if the Series 2021 IA#1-2 Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 IA#1-2 Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or

(ii) if the Series 2021 IA#1-2 Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the

principal amount called for redemption and allocated to such Series 2021 IA#1-2 Bonds in the inverse order of mandatory sinking fund redemption dates.

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Series 2021 IA#1-2 Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

(a) The City reserves the right and option to redeem the Series 2021 IA#1-2 Bonds before their respective scheduled maturity dates, in whole or in part, on the first day of any month, 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 Section 6.7(c)), transfers to the Redemption Fund made pursuant to Section 6.3(d), 6.3(e), 6.7(a), 6.7(c), 6.7(e), or 6.7(i) hereof, or as a result of unexpended amounts transferred from the IA#1-2 Improvements Account of the Project Fund as provided in Section 6.5(d). The City shall notify the Trustee in writing at least forty-five (45) days before the scheduled extraordinary option redemption date fixed by the City, or such other time period as the Trustee and the City shall mutually agree.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$5,000 available in the Redemption Fund with which to redeem the Series 2021 IA#1-2 Bonds.

(b) In lieu of redeeming the Series 2021 IA#1-2 Bonds with the funds described in this Section, the City may purchase the Series 2021 IA#1-2 Bonds in the open market of the maturity to be redeemed at the price not in excess of that provided in Section 4.7.

Section 4.5. Partial Redemption.

(a) If less than all of the Series 2021 IA#1-2 Bonds are called for optional redemption or extraordinary optional redemption pursuant to Sections 4.3 and 4.4, respectively, hereof, the Series 2021 IA#1-2 Bonds or portion of a Series 2021 IA#1-2 Bond of any one maturity to be redeemed shall be selected in the following manner:

(i) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 IA#1-2 Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 IA#1-2 Bonds and a portion of all Outstanding Series 2021 IA#1-2 Bonds shall be redeemed in the principal amount allocated to such Series 2021 IA#1-2 Bonds (the “10% or Greater Manner”); and

(ii) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 IA#1-2 Bonds, the Outstanding Series 2021 IA#1-2 Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Series 2021 IA#1-2 Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Series 2021 IA#1-2 Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Series 2021 IA#1-2 Bond by \$5,000.

(b) A portion of an Outstanding Series 2021 IA#1-2 Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 IA#1-2 Bond of a maturity is selected for redemption pursuant to subsection 4.5(a) hereof, the Trustee shall select the Outstanding Series 2021 IA#1-2 Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Series 2021 IA#1-2 Bond as though it were a single Series 2021 IA#1-2 Bond for purposes of selection for redemption. No redemption shall result in a Series 2021 IA#1-2 Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of the Outstanding Series 2021 IA#1-2 Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Series 2021 IA#1-2 Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

(c) Upon surrender of any Series 2021 IA#1-2 Bond for redemption in part, the Trustee in accordance with Section 3.8 of this Indenture, shall authenticate and deliver and exchange the Series 2021 IA#1-2 Bond or Series 2021 IA#1-2 Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 IA#1-2 Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 IA#1-2 Bond representing the unredeemed balance of such Series 2021 IA#1-2 Bond shall be issued to the Owner thereof, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Series 2021 IA#1-2 Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 IA#1-2 Bond or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Series 2021 IA#1-2 Bonds are to be surrendered for payment, and, if less than all the Series 2021 IA#1-2 Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Series 2021 IA#1-2 Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Series 2021 IA#1-2 Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 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 Series 2021

IA#1-2 Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. Upon written notice of such rescission from the City, the Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Series 2021 IA#1-2 Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 IA#1-2 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 Series 2021 IA#1-2 Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 IA#1-2 Bonds have not been redeemed.

Section 4.7. Purchase Price for Series 2021 IA#1-2 Bonds.

Upon receipt of written notice from the City specifying the Series 2021 IA#1-2 Bonds to be purchased, the Trustee shall apply moneys available for redemption to the purchase of Series 2021 IA#1-2 Bonds which were otherwise to be redeemed in such order or priority and subject to such restrictions as may be prescribed in this Indenture in the manner provided in this Section. The purchase price paid by the Trustee on behalf of the City (excluding accrued and unpaid interest but including any brokerage and other charges) for any Series 2021 IA#1-2 Bond purchased by the City pursuant to this Section shall not exceed the principal amount of such Series 2021 IA#1-2 Bond.

Section 4.8. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Series 2021 IA#1-2 Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Series 2021 IA#1-2 Bonds being redeemed.

(b) Upon presentation and surrender of any Series 2021 IA#1-2 Bond called for redemption at the designated corporate trust office of the Trustee (initially Austin, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Series 2021 IA#1-2 Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.9. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Series 2021 IA#1-2 Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Series 2021 IA#1-2 Bonds or the principal of and interest on such Series 2021 IA#1-2 Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Series 2021 IA#1-2 Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Series 2021 IA#1-2 Bonds are presented and surrendered for payment on such date.

ARTICLE V
FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Series 2021 IA#1-2 Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Trustee, and the Assignment to appear on each of the Series 2021 IA#1-2 Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Series 2021 IA#1-2 Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Series 2021 IA#1-2 Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Series 2021 IA#1-2 Bonds.

(c) The definitive Series 2021 IA#1-2 Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Series 2021 IA#1-2 Bonds, as evidenced by their execution thereof.

(d) The Initial Series 2021 IA#1-2 Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) The form of each Series of Bonds other than the Series 2021 IA#1-2 Bonds shall be set forth in the applicable Supplemental Indenture authorizing the issuance of such Series of Bonds.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of S&P Global Market Intelligence on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Series 2021 IA#1-2 Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 2021 IA#1-2 Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Series 2021 IA#1-2 Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Series 2021 IA#1-2 Bonds. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Series 2021 IA#1-2 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Series 2021 IA#1-2 Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Series 2021 IA#1-2 Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 5.4. Statement of Insurance.

A statement relating to municipal bond insurance policy, if any, to be issued for the Series 2021 IA#1-2 Bonds may be printed on or attached to each Series 2021 IA#1-2 Bond.

ARTICLE VI
FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Indenture:

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;
- (iii) Project Fund;
- (iv) Redemption Fund;
- (v) Reserve Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Account(s) are hereby created and established under the Bond Fund:

- (A) Capitalized Interest Account; and
- (B) Principal and Interest Account.

(ii) The following Account(s) are hereby created and established under the Project Fund:

- (A) IA#1-2 Improvements Account;
 - (1) IA#1 Improvements Subaccount;

- (2) IA#2 Improvements Subaccount;
 - (B) IA#1-2 Major Improvements Account; and
 - (C) IA#1-2 Costs of Issuance Account.
- (iii) The following Account(s) are hereby created and established under the Reserve Fund:
- (A) Reserve Account; and
 - (B) Additional Interest Reserve Account.

(c) Each Fund (and each Account and each subaccount, if any) created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

(d) Except as otherwise provided herein, interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

Section 6.2. Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Series 2021 IA#1-2 Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

- (i) to the Capitalized Interest Account of the Bond Fund: _____;
- (ii) to the Reserve Account of the Reserve Fund: \$_____ which is equal to the initial Reserve Account Requirement;
- (iii) to the Administrative Fund: \$_____;
- (iv) to the IA#1-2 Costs of Issuance Account of the Project Fund: \$_____;
- (v) to the IA#1-2 Improvements Account of the Project Fund: \$_____ (consisting of \$_____ to the IA#1 Improvements Subaccount and \$_____ to the IA#2 Improvements Subaccount); and
- (vi) to the IA#1-2 Major Improvements Account of the Project Fund: \$_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 15, 2022 and on or before February 15th of each year thereafter while the Bonds are Outstanding, the City shall deposit or cause to be deposited all Pledged Revenues with the Trustee, to the extent such Funds are not already on deposit with the

Trustee. Upon the Trustee's receipt of the Pledged Revenues, the Trustee shall deposit or cause to be deposited the Pledged Revenues to be applied by the Trustee in the following order of priority:

- (i) first, to the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year;
- (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 the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest, to cause the amount in the Additional Interest Reserve Account to equal the Additional Interest Reserve Requirement;
- (iv) fourth, to pay other Actual Costs of the Improvement Area #1-2 Projects; and
- (v) fifth, to pay other costs permitted by the PID Act.

Along with each transfer to the Trustee, the City shall provide a City Certificate as to the funds, accounts and payments into which the amounts are to be deposited or paid.

(b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the 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 on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds, in the manner described by Section 11.4(a) below.

(d) Notwithstanding Section 6.3(a) hereof, the Trustee shall within two business days after receipt deposit Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall within two business days after receipt deposit Foreclosure Proceeds to the Pledged Revenue Fund and after such deposit shall transfer Foreclosure Proceeds, as directed by the City pursuant to a City Certificate, first to the Reserve Fund to restore any transfers from the accounts within the Reserve Fund made with respect to the Improvement Area #1 or Improvement Area #2 Assessed Property or Improvement Area #1 or Improvement Area #2 Assessed Properties to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve Account Requirement, and *second*, to replenish the Additional Interest Reserve Requirement), and second, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in any Account of the Reserve Fund and transfer of funds pursuant to Section 6.3(a)(i) – (iv) above, the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which the Assessments may be applied. The Trustee may rely on such written direction of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds, less any amount to be used to pay interest on the Series 2021 IA#1-2 Bonds on such Interest Payment Date from the Capitalized Interest Account as provided below.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.7(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Series 2021 IA#1-2 Bonds on the following dates and in the following amounts:

Date Amount

[INSERT TABLE]

Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred pro rata to the subaccounts of IA#1-2 Improvements Account of the Project Fund in proportion to each such Subaccount’s share of the IA#1-2 Improvements Account of the Project Fund as of the Closing Date, or if the IA#1-2 Improvements Account of the Project Fund has been closed as provided in Section 6.5(d) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem the Series 2021 IA#1-2 Bonds, and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the IA#1-2 Improvements Account, the IA#1-2 Major Improvements Account, and the IA#1-2 Costs of Issuance Account of the Project Fund shall be used for the purposes specified herein.

(i) Disbursements from the IA#1-2 Improvements Account shall be made by the Trustee, in accordance with this Section 6.5, to pay the Actual Costs of the Improvement Area #1 Improvements and the Improvement Area #2 Improvements in an amount equal to the portion allocable to the Assessed Property within

Improvement Area #1 and Improvement Area #2 as provided in the Service and Assessment Plan.

A. Disbursements from the IA#1 Improvements Subaccount of the IA#1-2 Improvements Account shall be made by the Trustee, in accordance with this Section 6.5, to pay the Actual Costs of the Improvement Area #1 Improvements as provided in the Service and Assessment Plan.

B. Disbursements from the IA#2 Improvements Subaccount of the IA#1-2 Improvements Account shall be made by the Trustee, in accordance with this Section 6.5, to pay the Actual Costs of the Improvement Area #2 Improvements as provided in the Service and Assessment Plan.

(ii) Disbursements from the IA#1-2 Major Improvements Account shall be made by the Trustee, in accordance with this Section 6.5 to pay Improvement Area #1's and Improvement Area #2's pro-rata share of the Major Improvements in an amount equal to the portion allocable to the Assessed Properties within Improvement Area #1 and Improvement Area #2 as provided in the Service and Assessment Plan.

(iii) Disbursements from the IA#1-2 Costs of Issuance Account of the Project Fund shall be made by the Trustee pursuant to and in accordance with the disbursement procedures described in the Financing Agreement, the Improvement Area #1-2 Reimbursement Agreement (if applicable) and this Section 6.5 to pay costs of issuance of the Bonds pursuant to one or more City Certificates.

(b) Disbursements from the IA#1-2 Improvements Account of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates containing a properly executed and completed Certification for Payment. The disbursement of funds from the IA#1-2 Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5 shall be deemed to be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement, the Improvement Area #1-2 Reimbursement Agreement (if applicable) and this Section 6.5 of the Indenture. Such provisions and procedures related to such disbursement contained in the Financing Agreement and the Improvement Area #1-2 Reimbursement Agreement are herein incorporated by reference and deemed set forth herein in full, provided the Trustee shall be protected in disbursing from the IA#1-2 Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5.

(c) Disbursements from the IA#1-2 Major Improvements Account of the Project Fund to pay Actual Costs of Improvement Area #1's and Improvement Area #2's pro-rata share of the Major Improvements in an amount equal to the portion allocable to the assessed parcels within Improvement Area #1 and Improvement Area #2 shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates containing a properly executed and completed Certification for Payment. The disbursement of funds from the IA#1-2 Major Improvements Account of the Project Fund pursuant to a City Certificate delivered under this Section 6.5 shall be deemed to be pursuant to and in accordance with the disbursement procedures described in the

Financing Agreement, the Improvement Area #1-2 Reimbursement Agreement (if applicable) and this Section 6.5 of the Indenture, and the Trustee shall have no obligation to determine if such City Certificate and Certification for Payment are in compliance with such provisions.

(i) The Major Improvement Area Bond Indenture has established thereunder an MIA Improvements Account of the Project Fund for the purposes of paying the Actual Costs of the Major Improvements allocable to the Major Improvement Area pursuant to and as described in the Service and Assessment Plan.

(ii) Each Certification for Payment for the Actual Costs of one or more Major Improvements delivered under this Section 6.5 shall set forth the amount of the costs of each individual Major Improvement to be paid from the IA#1-2 Major Improvements Account of the Project Fund, and the amount paid from the MIA Improvements Account or the Developer Improvement Account of the Project Fund established under the Major Improvement Area Bond Indenture.

(d) If the City Representative reasonably determines that amounts then on deposit in the IA #1-2 Improvements Account of the Project Fund are not expected to be expended for purposes of the IA#1-2 Improvements Account due to the completion of the Improvement Area #1 Improvements and the Improvement Area #2 Improvements, the City Representative shall file a City Certificate with the Trustee which identifies amounts then on deposit in the IA#1-2 Improvements Account that are not expected to be used for purposes of the IA#1-2 Improvements Account. If such City Certificate is so filed, the amounts on deposit in the IA#1-2 Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture.

(e) If the City Representative reasonably determines that amounts then on deposit in the IA#1-2 Improvements Account of the Project Fund are not expected to be expended for purposes of the IA#1-2 Improvements Account due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements or the Improvement Area #2 Improvements, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the IA#1-2 Improvements Account of the Project Fund will ever be expended for the purposes of the IA#1-2 Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the IA#1-2 Improvements Account that are not expected to be used for purposes of the IA#1-2 Improvements Account. If such City Certificate is so filed, the amounts on deposit in the IA#1-2 Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture.

(f) If the City Representative reasonably determines that amounts then on deposit in the IA#1-2 Major Improvements Account of the Project Fund are not expected to be expended for the purposes of the IA#1-2 Major Improvements Account due to the abandonment, or constructive abandonment, of the Major Improvements allocable to Improvement Area #1 or Improvement Area #2, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the IA#1-2 Major Improvements Account of the Project Fund will ever be expended for the purposes of the IA#1-2 Major Improvements Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the IA#1-2 Major

Improvements Account of the Project Fund that are not expected to be used for purposes of the IA#1-2 Major Improvements Account. If such City Certificate is so filed, the amounts on deposit in the IA#1-2 Major Improvements Account of the Project Fund shall be transferred to the IA#1-2 Improvements Account of the Project Fund.

(g) Upon the filing of a City Certificate stating that all of those portions of the Major Improvements that are allocable to Improvement Area #1 and Improvement Area #2 have been completed and that all costs of those portions of the Major Improvements allocable to the Improvement Area #1 Assessed Property and the Improvement Area #2 Assessed Property have been paid, or that any such Actual Costs are not required to be paid from IA#1-2 Major Improvements Account of the Project Fund, the Trustee shall (i) transfer the amount, if any, remaining within the IA#1-2 Major Improvements Account of the Project Fund to the IA#1-2 Improvements Account of the Project Fund, and (ii) close the IA#1-2 Major Improvements Account of the Project Fund.

(h) Upon the filing of a City Certificate stating that all Improvement Area #1-2 Projects have been completed and that all Actual Costs of the Improvement Area #1 Improvements and Improvement Area #2 Improvements allocable to the Improvement Area #1 Assessed Property and the Improvement Area #2 Assessed Property have been paid, or that any such Actual Costs are not required to be paid from the IA#1-2 Improvements Account of the Project Fund, the Trustee shall (i) transfer the amount, if any, remaining within the IA#1 Improvements Subaccount of the IA#1-2 Improvements Account of the Project Fund and within the IA#2 Improvements Subaccount of the IA#1-2 Improvements Account of the Project Fund to the Principal and Interest Account of the Bond Fund, and (ii) close the IA#1-2 Improvements Account of the Project Fund.

(i) Not later than six (6) months following the Closing Date or upon an earlier determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the IA#1-2 Costs of Issuance Account shall be transferred to the IA#1-2 Improvements Account of the Project Fund, as directed by the City in a City Certificate filed with the Trustee, and the IA#1-2 Costs of Issuance Account of the Project Fund shall be closed.

(j) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a report issued by the City Engineer or a certificate of an Independent Financial Consultant. In providing any disbursements under this Section, the Trustee may conclusively rely as to the completeness and accuracy of all statements in such City Certificate if such certificate is signed by a City Representative, and the Trustee shall not be required to make any independent investigation in connection therewith. The execution of any City Certificate by a City Representative shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent to the payments requested have been completed.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by City Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Series 2021 IA#1-2 Bonds as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts

on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Series 2021 IA#1-2 Bonds as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Reserve Account will be initially funded with a deposit of \$_____ from the proceeds of the Series 2021 IA#1-2 Bonds and the City agrees with the Owners of the Bonds to accumulate from the deposits outlined in Section 6.3(a) hereof, and when accumulated maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. 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 as provided in this Indenture. The Trustee will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account, to the extent that the Reserve Account contains the Reserve Account Requirement and funds are available after application of the deposit priority in Section 6.3(a) hereof, an amount equal to the Additional Interest in the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that at any time the amount on deposit in the Additional Interest Reserve Account is less than Additional Interest Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has accumulated in the Additional Interest Reserve Account.

(b) 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.

(c) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Redemption Fund toward payment of accrued and unpaid interest to the date of redemption on the Bonds to be redeemed, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(d) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount 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 on the next Interest Payment Date in accordance with Section 6.4

hereof, unless within 45 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, or (ii) to the IA#1-2 Improvements Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess (the “*Excess Additional Interest Reserve Amount*”). Such excess on deposit in the Additional Interest Reserve Account shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Annual Collection Costs or to the Redemption Fund in order to effect the redemption of Bonds pursuant to Section 4.4. In the event that the Trustee does not receive a City Certificate directing the transfer of the Excess Additional Interest Reserve Amount to the Administrative Fund within forty-five (45) days of providing notice to the City of such Excess Additional Interest Reserve Amount, the Trustee shall transfer the Excess Additional Interest Reserve Amount to the Redemption Fund and redeem the Bonds pursuant to extraordinary optional redemption.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Additional Interest 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.

(g) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Additional Interest Reserve Account shall be transferred to the Redemption Fund and applied to the payment of the principal of the Bonds.

(h) If, after a Reserve Fund withdrawal, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.3.

(i) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal amount and of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated “City of Manor, Texas, Rebate Fund” (the “Rebate Fund”) to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government related to the Bonds in accordance with the Code. The Trustee shall transfer from the Pledged Revenue Fund to the credit of the Rebate Fund each amount instructed by City Certificate to be transferred thereto.

(b) In order to assure that the Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate. The Trustee shall withdraw from the Rebate Fund and pay to the United States the amounts instructed by City Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) hereof and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) hereof in the absence of written instructions from the City.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the Rebate Amount to the Principal and Interest Account of the Bond Fund.

Section 6.9. Administrative Fund.

(a) Notwithstanding Section 6.3(a) hereof, the City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan.

(b) The Administrative Fund is not a Pledged Fund.

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee only as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment (or as directed below) in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; the City Certificate shall direct investment in such deposits and investments (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold in order to make the disbursements required or permitted

by this Indenture or to prevent any default. In the event the City does not provide written investment directions, the Trustee is instructed to invest funds into the Fidelity Treasury Money Market Fund #2016 (CUSIP 31607A406).

(b) 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 this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer shall be accomplished by transferring a like amount of Investment Securities unless the City instructs the Trustee otherwise by written direction.

(c) The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments or whether investments comply with Section 6.10(a) above.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder.

Section 6.11. Advances from Available Funds.

In the event of a delinquency in the payment of any installment of the Assessment levied upon any property in Improvement Area #1 or Improvement Area #2 for the payment of the principal portion of an Annual Installment, the City may, but is not obligated to, be the purchaser of the delinquent property upon which any of said Assessments are levied in like manner in which it may become the purchaser of property sold for the nonpayment of general ad valorem property taxes, and in the event the City does so become the purchaser of such property, shall pay and transfer and deposit into the Pledged Revenue Fund the amount of any remaining amount of unpaid Assessment, delinquent Assessment installments and interest thereon. The City may also pay and transfer from available funds and deposit into the Pledged Revenue Fund, but shall not be so obligated, the amount of any such Assessment pending redemption or sale. Any amounts so advanced by the City shall be recoverable upon sale or redemption of the property. The City shall not be obligated to advance available funds to cure any deficiency in the Pledged Revenue Fund, or any other Fund created hereunder, and has determined that it would not obligate itself to advance available funds from other funds of the City to cure any such deficiency.

Section 6.12. Reserved.

Section 6.13. Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII
COVENANTS

Section 7.1 Confirmation of Improvement Area #1 Assessments and Improvement Area #2 Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Assessments against the respective Assessed Properties in Improvement Area #1 and Improvement Area #2, from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding and amounts are due to the Developer under the Improvement Area #1-2 Reimbursement Agreement to reimburse it for the funds it has contributed to pay Actual Costs of the Improvement Area #1-2 Projects, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property in Improvement Area #1 or Improvement Area #2.

Section 7.3 Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, the Pledged Funds, the Trust Estate, or any other property pledged under this Indenture, except any pledge created for the equal and ratable security of the Bonds.

(c) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on the Pledged Revenues, the Pledged Funds, the Trust Estate or other property pledged under this Indenture, except that the City may issue Refunding Bonds in accordance with the terms of this Indenture.

Section 7.4 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain outstanding and unpaid, and the obligation to the Developer to reimburse it under the Improvement Area #1-2 Reimbursement Agreement for funds it has contributed to pay Actual Costs of the Improvement Area #1-2 Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and Owner or Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5 Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Issue Date.

“*Computation Date*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in section 1.148-1(b) of the Regulations.

“*Issue Date*” for the tax-exempt Bonds or other obligations of the City is the respective date on which such bonds or other obligations of the City is delivered against payment therefor.

“*Net Sale Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local

government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the “tax assessment loan exception” within the meaning of section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements for so long as the Bonds are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Issue Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the final Computation Date. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations

with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, pay to the United States the amount described in paragraph (2) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) *Not to Divert Arbitrage Profits.* Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) *Not Hedge Bonds.* The City will not invest more than 50 percent of the Proceeds of each series of the Bonds in Nonpurpose Investments having a substantially guaranteed yield for four years or more. On the Issue Date of each series of the Bonds, the City reasonably expects that at least 85 percent of the Net Sale Proceeds of each series of the Bonds will be used to carry out the governmental purpose of such series within three years after the respective Issue Date of such series.

(k) *Elections.* The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII LIABILITY OF CITY

Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to

the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or Event of Default thereunder.

In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “*Bond Documents*”), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City’s failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or the City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

ARTICLE IX
THE TRUSTEE

Section 9.1. Trustee as Registrar and Paying Agent.

The Trustee is hereby designated and agrees to act as Registrar and Paying Agent for and in respect to the Bonds. The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct; provided, however, that absent an Event of Default, the Trustee shall not request or require indemnification as a condition to making any deposits, payments or transfers when required hereunder, or to deliver any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs, fees, expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder on amounts held in the Administrative Fund.

Section 9.3. Responsibilities of the Trustee.

(a) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

(b) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture. The Trustee will, prior to any Event of Default and after curing of any Event of Default, perform such duties and only such duties as are specifically set forth herein. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 or Improvement Area #2 of the District.

(d) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. If any Event of Default shall have occurred and be continuing, the Trustee shall exercise such rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs in exercising any rights or remedies or performing any of its duties hereunder.

(e) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or through agents, attorneys, or receivers, and shall not be responsible for any misconduct or negligence on the part of any agent, attorney, or receiver appointed or chosen by it with due care, and the Trustee shall be entitled to rely and act upon the opinion or advice of counsel, who may be counsel to the City, concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such agents, attorneys, and receivers as may reasonably be employed in connection with the trusts hereof. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance upon such opinion or advice of counsel.

(f) The Trustee shall not be responsible for any recital herein (except with respect to the authentication certificate of the Trustee endorsed on the Bonds) or for the recording, filing, or re-filing of this Indenture in connection therewith, or for the validity of the execution by the City of this Indenture or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency or security of the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Indenture.

(g) The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee shall not be accountable for the use or application of any Bonds or the proceeds thereof or of any money paid to or upon the order of the City under any provision of this Indenture.

(h) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a Quarter in Interest of the Bonds, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(i) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of a Quarter in Interest of the Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(j) Before taking any action under this Indenture (other than making any payment of principal, premium, or interest on the Bonds), the Trustee may require that a satisfactory indemnity be furnished to it for the payment or reimbursement of all costs and expenses (including, without limitation, attorney's fees and expenses) to which it may be put and to protect it against all liability which it may incur in or by reason of such action, except liability which it adjudicated to have resulted from its negligence or willful misconduct.

(k) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

Section 9.4. Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in

accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, the Financing Agreement, and the Development Agreement, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into and shall not be deemed to have knowledge of any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who, at the time of making such request, or giving such authority or consent is the Owner of any Bond, shall be conclusive and binding upon all future owners of the same Bond and upon Bonds issued in exchange therefor and upon transfer or in place thereof.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, upon written direction from the City compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, upon delivery of an invoice therefor to the City, and the Trustee shall have a lien therefor on any and all funds at any time held by the Trustee (except the Rebate Fund). None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys held in the Administrative Fund and to the extent moneys in the Administrative Fund are insufficient, then from any moneys in its

possession (except the Rebate Fund) and shall be entitled to a preference therefor over any Bonds Outstanding hereunder on amounts held by the Trustee (except the Rebate Fund). The right of the Trustee to fees, expenses, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

Section 9.7. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Owners of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time by the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Owners of not less than 10% of the aggregate principal amount of the Bonds Outstanding.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed after any such vacancy shall have occurred by

the Owners of a Quarter in Interest of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor Trustee shall have been appointed by the Owners of a Quarter in Interest of the Bonds, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds.

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process. Any duties and obligations of such predecessor Trustee shall thereafter cease and terminate, and the payment of the fees and expenses owed to the predecessor Trustee shall be paid in full.

Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.

Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to any Rating Agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and

conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the City, the Trustee may rely upon the initial financing statements in filing any continuation statements hereunder.

Section 9.14. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 9.15. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds.

Section 9.16. Offering Documentation.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds.

Section 9.17. Expenditure of Funds and Risk.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

Section 9.18. Environmental Hazards.

The Trustee may inform any Owner of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

The Trustee shall not be responsible or liable for the environmental condition related to the improvements to any real property or for diminution in value of the same, or for any claims by or on behalf of the owners thereof as the result of any contamination by a hazardous substance, hazardous material, pollutant, or contaminant. The Trustee assumes no duty or obligation to assess the environmental condition of any improvements or with respect to compliance thereof under State or federal laws pertaining to the transport, storage, treatment, or disposal of hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits, or licenses issued under such laws.

ARTICLE X
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of more than fifty percent (50%) of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to the pledge and lien created for the benefit of the Bonds, (iii) except as otherwise permitted by this Indenture, permit the creation by the City of any

pledge or lien upon the Trust Estate on a parity with the pledge and lien created for the benefit of the Bonds, or (iv) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;
- (iv) to authorize a Series of Refunding Bonds in accordance with the provisions of this Indenture; and
- (v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the: (i) interests of the Owners in any material respect, and (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.1 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of forty-five (45) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such forty-five-day period: provided, however that the Trustee during such forty-five day period and any such further period during which any such action or proceeding may be pending shall be entitled, in its sole discretion, to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as it may deem expedient, and the Trustee shall have no liability with respect to any action taken or any instance of inaction except as a consequence of its own negligence or willful misconduct.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.5. Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated

office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners’ action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.7. Waiver of Default.

Subject to the second and third sentences of Section 10.1 above, with the written consent of the Owners of more than fifty percent (50%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners. For the avoidance of doubt, any waiver given pursuant to this Section shall be subject to Section 11.5 below.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of Bond Counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee’s own rights, duties and immunities under this Indenture or otherwise.

No such amendment shall modify any of the rights or obligations of the Trustee without its written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (a) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (b) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds, and (c) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

ARTICLE XI
DEFAULT AND REMEDIES

Section 11.1. Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” to wit:

- (i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; and
- (iv) Default in the performance or observance of any other covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of a Quarter in Interest of the Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest of the Bonds requesting that the failure be remedied.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any one or more of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Bonds and its receipt of indemnity satisfactory to it shall, proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this 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 this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that any action for money damages against the City shall be limited in recovery to the assets of the Trust Estate, including the Pledged Revenues and Pledged Funds. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

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

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of a Quarter in Interest of the Bonds have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for sixty (60) days after such notice failed or refused to exercise the powers hereinbefore granted, 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 Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues, Pledged Funds, or 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 this Article shall, after payment of the cost 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 this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the Owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee, if previously directed in writing by owners of a Quarter in Interest of the Bonds, shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest, if any, on Bonds.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first class postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City shall be promptly delivered to the Trustee and cancelled. Such Bonds will not be deemed Outstanding for any purpose, including without limitation, the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of a Quarter in Interest of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with law and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, (iii) that the Trustee may still require satisfactory indemnity prior to taking such action, and (iv) that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, statements for 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.

Section 12.2. Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of records and accounts (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City during the Trustee's regular business hours and each Owner or their representatives duly authorized in writing providing reasonable notice to the Trustee.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

Section 12.4. No Israel Boycott.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Indenture with the City is a contract for goods or services, will not boycott Israel during the term thereof. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable State or federal law. As used in the foregoing verification, "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 12.5. No Terrorist Organization.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made to solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such section does not contravene applicable State or federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

ARTICLE XIII
SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Funds, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens; and Refunding Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Trust Estate.

(b) Other than Refunding Bonds issued to refund all or a portion of the Series 2021 IA#1-2 Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

ARTICLE XIV
PAYMENT AND CANCELLATION OF THE BONDS AND
SATISFACTION OF THE INDENTURE

Section 14.1. Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each Rating Agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds, and (v) the Trustee shall have received an opinion of Bond Counsel to the effect that (A) any Bond having been deemed to have been paid as provided in this Section is no longer Outstanding hereunder and is no longer secured by or entitled to the benefits of this Indenture, (B) such defeasance is in accordance with the terms hereof and (C) such defeasance will not adversely affect the exclusion of interest on such Bond from gross income for purposes of federal income taxation. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in

trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

- If to the City:
 - City of Manor, Texas
 - 105 E. Eggleston Street
 - P.O. Box 387
 - Manor, Texas 78653
 - Attn: City Manager
 - Fax No.: 512.272.8792
 - Email: tbolt@cityofmanor.org

- With copy to:
 - The Knight Law Firm, LLP
 - Attn: Veronica Rivera, City Attorney
 - 223 West Anderson Lane, Suite A-105
 - Austin, Texas 78752
 - Fax No.: 512.922.3004
 - Email: vrivera@cityattorneytexas.com

- If to the Trustee
or the Paying Agent/Registrar:
 - UMB Bank, N.A.
 - Attn: Jose A. Gaytan, Jr.
 - 6034 West Courtyard Drive, Suite 370
 - Austin, Texas 78730
 - Fax No.: 512.582.5855
 - Email: jose.gaytan@umb.com

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method), the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(d) The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.7. Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas.

Section 15.8. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF MANOR, TEXAS

By: _____
Mayor

Attest:

City Secretary

[CITY SEAL]

UMB BANK, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Series 2021 IA#1-2 Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS SERIES 2021 IA#1-2 BOND.

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas

CITY OF MANOR, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, 20__	_____	_____

The City of Manor, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Series 2021 IA#1-2 Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing [] 15, 202_, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Series 2021 IA#1-2 Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Series 2021 IA#1-2 Bond at the corporate trust office in Austin, Texas (the “*Designated Payment/Transfer Office*”), of UMB Bank, N.A., as trustee and paying agent/registrars (the “*Trustee*”, which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Series 2021 IA#1-2 Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Series 2021 IA#1-2 Bond, the registered owner shall be the Person in whose name this Series 2021 IA#1-2 Bond is registered at the close of business on the “*Record Date*,” which shall be the last calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, that continues for 30 days or more thereafter, a new record date for such interest payment (a “*Special Record Date*”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “*Special Payment Date*,” which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Series 2021 IA#1-2 Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Series 2021 IA#1-2 Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Series 2021 IA#1-2 Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “*Series 2021 IA#1-2 Bonds*”), dated May 1, 2021 and issued in the aggregate principal amount of \$[] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of May 1, 2021 (the “*Indenture*”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Series 2021 IA#1-2 Bonds, the Trustee, and the City, and the terms upon which the Series 2021 IA#1-2 Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Series 2021 IA#1-2 Bond hereby consents. All Series 2021 IA#1-2 Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Series 2021 IA#1-2 Bonds are being issued for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1-2 Projects, (ii) paying interest on the Series 2021 IA#1-2 Bonds during and after the period of acquisition and construction of the Improvement Area #1-2 Projects, (iii) funding a reserve account for payment of principal and interest on the Series

2021 IA#1-2 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 IA#1-2 Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Series 2021 IA#1-2 Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Series 2021 IA#1-2 Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in Authorized Denominations.

The Series 2021 IA#1-2 Bonds are subject to mandatory sinking fund redemption prior to their respective Stated Maturities and will be redeemed by the City in part at a price equal to 100% of the principal amount thereof, or portions thereof, to be redeemed plus accrued interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Series 2021 IA#1-2 Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$ _____
September 15, 20_	_____
September 15, 20_	_____
September 15, 20_	_____
September 15, 20_*	_____

* Stated Maturity

Term Series 2021 IA#1-2 Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$ _____
September 15, 20__	_____
September 15, 20__	_____
September 15, 20__	_____
September 15, 20__ *	_____

* Stated Maturity

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by Section 4.2 of the Indenture, the Trustee shall select for redemption by lot, or in any manner as Trustee shall deem fair, a principal amount of Series 2021 IA#1-2 Bonds of such maturity equal to the Sinking Fund Installments of such Series 2021 IA#1-2 Bonds to be redeemed, shall call such Series 2021 IA#1-2 Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Series 2021 IA#1-2 Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Series 2021 IA#1-2 Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The Sinking Fund Installments of Series 2021 IA#1-2 Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced in integral multiples of \$5,000 by any portion of such Series 2021 IA#1-2 Bonds, which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions in Sections 4.3 and 4.4, respectively, of the Indenture, and not previously credited to a mandatory sinking fund redemption, as follows:

- (i) if the Series 2021 IA#1-2 Bonds to be redeemed are selected in accordance with the 10% or Greater Manner (as defined and described below), the Sinking Fund Installment of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 IA#1-2 Bond on a pro rata basis among the scheduled Sinking Fund Installments to be mandatorily redeemed on the mandatory sinking fund redemption dates; or

(ii) if the Series 2021 IA#1-2 Bonds to be redeemed are selected in accordance with the Less Than 10% Manner (as defined and described below), the Sinking Fund Installment of Series 2021 IA#1-2 Bonds of a Stated Maturity required to be redeemed for each mandatory sinking fund redemption date shall be reduced by the principal amount called for redemption and allocated to such Series 2021 IA#1-2 Bond in the inverse order of mandatory sinking fund redemption dates.

The City reserves the right and option to redeem the Series 2021 IA#1-2 Bonds before their scheduled maturity dates, in whole or in part, in amounts equal to Authorized Denominations, on or after September 15, 20[], such redemption date or dates to be fixed by the City, at 100% of the principal amount of such Series 2021 IA#1-2 Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption.

Series 2021 IA#1-2 Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on the first day of any month, at a Redemption Price equal to at 100% of the principal amount of such Series 2021 IA#1-2 Bonds called for redemption, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

If less than all of the Series 2021 IA#1-2 Bonds are called for optional redemption or extraordinary optional redemption pursuant to Sections 4.3 and 4.4 of the Indenture, the Series 2021 IA#1-2 Bonds or portion of a Series 2021 IA#1-2 Bond of any one maturity to be redeemed shall be selected in the following manner:

(a) If the principal amount called for redemption is greater than or equal to ten percent (10%) of the original aggregate principal amount of the Series 2021 IA#1-2 Bonds, the principal amount called for redemption shall be allocated on a pro rata basis among all Outstanding Series 2021 IA#1-2 Bonds and a portion of all Outstanding Series 2021 IA#1-2 Bonds shall be redeemed in the principal amount allocated to such Series 2021 IA#1-2 Bond (the “10% or Greater Manner”); and

(b) If the principal amount called for redemption is less than ten percent (10%) of the original aggregate principal amount of the Series 2021 IA#1-2 Bonds, the Outstanding Series 2021 IA#1-2 Bonds shall be redeemed in inverse order of maturity (the “Less Than 10% Manner”).

Bonds may be redeemed in minimum principal amounts of \$5,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

A portion of an Outstanding Series 2021 IA#1-2 Bond of any one maturity may be redeemed, but only in a principal amount equal to \$5,000 or any integral thereof. If a portion of an Outstanding Series 2021 IA#1-2 Bond of a maturity is selected for redemption pursuant to the Indenture, the Trustee shall select the Outstanding Series 2021 IA#1-2 Bonds of such maturity to be redeemed by lot or in any manner deemed fair by the Trustee. The Trustee shall treat each \$5,000 portion of such Bond as though it were a single Series 2021 IA#1-2 Bond for purposes of

selection for redemption. No redemption shall result in a Series 2021 IA#1-2 Bond in a denomination of less than an Authorized Denomination; provided, however, if the amount of Outstanding Series 2021 IA#1-2 Bonds is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

Upon surrender of any Series 2021 IA#1-2 Bond for redemption in part, the Trustee in accordance with the Indenture, shall authenticate and deliver and exchange the Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2021 IA#1-2 Bond so surrendered, which shall be an Authorized Denomination. A new Series 2021 IA#1-2 Bond representing the unredeemed balance of such Series 2021 IA#1-2 Bond shall be issued to the Owner thereof, such exchange being without charge. If any Series 2021 IA#1-2 Bonds are to be redeemed and such redemption results in the unredeemed portion of a single Series 2021 IA#1-2 Bond in an amount less than the Authorized Denomination, a Series 2021 IA#1-2 Bond in the principal amount equal to the unredeemed portion, but not less than \$5,000, may be issued.

The Trustee shall give notice of any redemption of the Series 2021 IA#1-2 Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Series 2021 IA#1-2 Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Series 2021 IA#1-2 Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Series 2021 IA#1-2 Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Series 2021 IA#1-2 Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Series 2021 IA#1-2 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 Series 2021 IA#1-2 Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Series 2021 IA#1-2 Bonds have not been redeemed.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of Series 2021 IA#1-2 Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Series 2021 IA#1-2 Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Series 2021 IA#1-2 Bond.

As provided in the Indenture, this Series 2021 IA#1-2 Bond is transferable upon surrender of this Series 2021 IA#1-2 Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Series 2021 IA#1-2 Bond. Upon satisfaction of such requirements, one or more new fully registered Series 2021 IA#1-2 Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Series 2021 IA#1-2 Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Series 2021 IA#1-2 Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Series 2021 IA#1-2 Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Series 2021 IA#1-2 Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Series 2021 IA#1-2 Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF MANOR, TEXAS, TRAVIS COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Series 2021 IA#1-2 Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Series 2021 IA#1-2 Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Series 2021 IA#1-2 Bond to be executed under the official seal of the City.

Mayor, City of Manor, Texas

City Secretary, City of Manor, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
§
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Series 2021 IA#1-2 Bond, and that this Series 2021 IA#1-2 Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Series 2021 IA#1-2 Bonds of the series of Series 2021 IA#1-2 Bonds referred to in the within mentioned Indenture.

UMB Bank, N.A.,
Austin, Texas, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Series 2021 IA#1-2 Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Series 2021 IA#1-2 Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Series 2021 IA#1-2 Bond in every particular and must be guaranteed in a manner acceptable to the Trustee

Authorized Signatory

(e) The Initial Series 2021 IA#1-2 Bond shall be in the form set forth in paragraphs (a), (b), (d) and (e) of this Exhibit A, except for the following alterations:

(i) immediately under the name of the Series 2021 IA#1-2 Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Series 2021 IA#1-2 Bond, the words "on the Maturity Date as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

Year Principal Amount Interest Rate"

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Series 2021 IA#1-2 Bond shall be numbered T-1.

EXHIBIT B
FORM OF CITY CERTIFICATE

[City Letterhead]

UMB Bank, N.A.
6034 W. Courtyard Dr., Ste. 370
Austin, TX 78730
Attn: Mr. Jose Gaytan
Jose.Gaytan@umb.com
512-582-5851

Re: City of Manor, Texas Special Assessment Revenue Bonds (Manor Heights
Public Improvement District Improvement Area #1-2 Project)

Reference is made to the Indenture of Trust (the "Indenture") by and between the City of Manor, Texas (the "City") and UMB Bank, N.A. (the "Trustee"), regarding the above-described transaction. In accordance with the Indenture, we hereby instruct you as follows:

[insert instructions]

This City Certificate, as executed by the City Representative (as defined in the Indenture) below, is provided in accordance with and complies with the provisions of the Indenture. The Trustee is hereby authorized to rely upon this City Certificate and to take the foregoing action(s). By submission of this City Certificate, the City hereby affirms that it remains in compliance with the covenants as set forth in the Indenture and all supplements related thereto.

Very truly yours,

CITY OF MANOR, TEXAS

By: /s/ _____
Name: _____
Title: _____

EXHIBIT B
BOND PURCHASE AGREEMENT

[\$6,005,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)

BOND PURCHASE AGREEMENT

May 5, 2021

City of Manor, Texas
 105 E. Eggleston Street
 Manor, Texas 78653

Ladies and Gentlemen:

The undersigned, FMSbonds, Inc. (the “Underwriter”), offers to enter into this Bond Purchase Agreement (this “Agreement”) with the City of Manor, Texas (the “City”), which will be binding upon the City and the Underwriter upon the acceptance of this Agreement by the City. This offer is made subject to its acceptance by the City by execution of this Agreement and its delivery to the Underwriter on or before 10:00 p.m., Central Time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to the acceptance hereof by the City. All capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Indenture (as defined herein) between the City and UMB Bank, N.A., as trustee (the “Trustee”), authorizing the issuance of the Series 2021 IA#1-2 Bonds (as defined herein), and in the Limited Offering Memorandum (as defined herein).

1. Purchase and Sale of Series 2021 IA#1-2 Bonds. Upon the terms and conditions and upon the basis of representations, warranties, and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the \$[6,005,000] aggregate principal amount of the “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)” (the “Series 2021 IA#1-2 Bonds”) at a purchase price of \$[_____] (representing the aggregate principal amount of the Series 2021 IA#1-2 Bonds, less an Underwriter’s discount of \$[_____]).

Inasmuch as this purchase and sale represents a negotiated transaction, the City understands, and hereby confirms, that the Underwriter is not acting as a municipal advisor or fiduciary of the City (including, without limitation, a “municipal advisor” (as such term is defined in Section 975(e) of the Dodd Frank Wall Street Reform and Consumer Protection Act)), but rather is acting solely in its capacity as Underwriter for its own account. The City acknowledges and agrees that (i) the purchase and sale of the Series 2021 IA#1-2 Bonds

pursuant to this Agreement is an arm’s length commercial transaction between the City and the Underwriter, (ii) in connection with the discussions, undertakings, and procedures leading up to the consummation of this transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering described herein or the discussions, undertakings, and procedures leading thereto (regardless of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the City with respect to the offering described herein except the obligations expressly set forth in this Agreement, (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate, (v) the Underwriter has financial and other interests that differ from those of the City, and (vi) the Underwriter has provided to the City prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (“MSRB”), which have been received by the City. The City further acknowledges and agrees that following the issuance and delivery of the Series 2021 IA#1-2 Bonds, the Underwriter has indicated that it may have periodic discussions with the City regarding the expenditure of bond proceeds and the construction of the Improvement Area #1-2 Projects (as defined in the Indenture) financed with the Series 2021 IA#1-2 Bonds and, in connection with such discussions, the Underwriter shall be acting solely as a principal and will not be acting as the agent or fiduciary of, and will not be assuming an advisory or fiduciary responsibility in favor of, the City.

The Series 2021 IA#1-2 Bonds shall be dated May 1, 2021 and shall have the maturities and redemption features, if any, and bear interest at the rates per annum shown on Schedule I hereto. Payment for and delivery of the Series 2021 IA#1-2 Bonds, and the other actions described herein, shall take place on May 27, 2021 (or such other date as may be agreed to by the City and the Underwriter) (the “Closing Date”).

2. Authorization Instruments and Law. The Series 2021 IA#1-2 Bonds were authorized by an ordinance enacted by the City Council of the City (the “City Council”) on May 5, 2021 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “Act”), and the Indenture of Trust, dated as of May 1, 2021, between the City and the Trustee, authorizing the issuance of the Series 2021 IA#1-2 Bonds (the “Indenture”). The Series 2021 IA#1-2 Bonds shall be substantially in the form described in, and shall be secured under the provisions of, the Indenture.

The Series 2021 IA#1-2 Bonds and interest thereon shall be secured by the “Trust Estate” consisting primarily of revenue from proceeds of special assessments levied on Improvement Area #1 Assessed Property (the “Improvement Area #1 Assessments”) and special assessments levied on Improvement Area #2 Assessed Property (the “Improvement Area #2 Assessments,” together with the Improvement Area #1 Assessments, the “Assessments”) of the Manor Heights Public Improvement District (the “District”).

The District was created by Resolution No. 2018-10 of the City adopted on November 7, 2018 in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1-2 Projects, authorized by the PID Act and approved by the City Council

that confer a special benefit on the District property. The City adopted Resolution No. 2020-11 on October 7, 2020, which authorized adding additional land to the boundaries of the District (the “Additional Land Resolution”). The District is not a separate political subdivision of the State of Texas (the “State”) and is administered by the City Council of the City (the “City Council”). The Assessments were levied in accordance with a service and assessment plan, adopted by the City Council on May 5, 2021 (the “Service and Assessment Plan”), pursuant to an ordinance (the “Assessment Ordinance” and, together with the Creation Resolution, the Indenture and the Bond Ordinance, the “Authorizing Documents”). The Series 2021 IA#1-2 Bonds shall be further secured by certain applicable funds and accounts created pursuant to the Indenture.

The Series 2021 IA#1-2 Bonds shall be as described in Schedule I attached hereto, the Indenture, and the Limited Offering Memorandum. The proceeds of the Series 2021 IA#1-2 Bonds shall be used for (i) paying a portion of the Actual Costs of the Improvement Area #1-2 Projects, (ii) paying interest on the Series 2021 IA#1-2 Bonds during and after the period of acquisition and construction of the Improvement Area #1-2 Projects, (iii) funding a reserve account for payment of principal and interest on the Series 2021 IA#1-2 Bonds, (iv) paying a portion of the Actual Costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Series 2021 IA#1-2 Bonds.

The Reserve Fund, funded at the Reserve Account Requirement, is reasonably required for the purposes for which the Reserve Fund has been established, is a vital factor in marketing the Series 2021 IA#1-2 Bonds, and facilitates the marketing of the Series 2021 IA#1-2 Bonds at interest rates comparable to those of other bonds of a similar type.

3. Limited Public Offering. The Underwriter agrees to make a bona fide limited public offering of all of the Series 2021 IA#1-2 Bonds in accordance with Section 5 hereof and to no more than thirty-five (35) persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act (as defined herein) or “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act)). On or before the third (3rd) business day prior to the Closing Date, the Underwriter shall execute and deliver to Bond Counsel (as defined herein) the Issue Price Certificate (as defined herein), in substantially the form attached hereto as Appendix B.

4. Establishment of Issue Price.

a. The Underwriter agrees to assist the City in establishing the issue price of the Series 2021 IA#1-2 Bonds and shall execute and deliver to the City on or before Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series 2021 IA#1-2 Bonds. All actions to be taken by the City under this Section to establish the issue price of the Series 2021 IA#1-2 Bonds may be taken on behalf of the City by the City’s Financial Advisor identified herein and any notice or report to be provided to the City may be provided to the City’s Financial Advisor.

b. The Underwriter confirms that it has offered all the Series 2021 IA#1-2 Bonds of each maturity to the public on or before the date of this Agreement at the respective offering price (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A attached hereto, except as otherwise set forth therein. At or promptly after the execution of this Agreement, the Underwriter shall report to the City on Schedule A to the issue price certificate the first price at which the Underwriter has sold to the public at least 10% of each maturity of Series 2021 IA#1-2 Bonds (the “10% test”), and shall identify to the City on Schedule A to the issue price certificate those maturities of the Series 2021 IA#1-2 Bonds for which the 10% test has not been satisfied. If different interest coupons apply within a maturity, each separate CUSIP number within that maturity will be treated as a separate maturity for this purpose.

c. The City and the Underwriter agree that the restrictions set forth in the next sentence shall apply to those maturities of the Series 2021 IA#1-2 Bonds for which the 10% test has not been met as of the date of this Agreement, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series 2021 IA#1-2 Bonds, the Underwriter will neither offer nor sell unsold Series 2021 IA#1-2 Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series 2021 IA#1-2 Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the City when the Underwriter has sold 10% of that maturity of the Series 2021 IA#1-2 Bonds to the public at a price that is no higher than the initial offering price to the public, if such sale occurs prior to the close of the fifth (5th) business day after the sale date.

d. The Underwriter confirms that any selling group agreement and any retail distribution agreement, if applicable, relating to the initial sale of the Series 2021 IA#1-2 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold Series 2021 IA#1-2 Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Series 2021 IA#1-2 Bonds of that maturity or all Series 2021 IA#1-2 Bonds of that maturity have been sold to the public as set forth in the related pricing wires and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The City acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series

2021 IA#1-2 Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Series 2021 IA#1-2 Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that the Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule, if applicable to the Series 2021 IA#1-2 Bonds, and that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule if applicable to the Series 2021 IA#1-2 Bonds.

e. The Underwriter acknowledges that sales of any Series 2021 IA#1-2 Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(i) “public” means any person other than an underwriter or a related party to an underwriter,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021 IA#1-2 Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series 2021 IA#1-2 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021 IA#1-2 Bonds to the public),

(iii) a purchaser of any of the Series 2021 IA#1-2 Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Agreement by all parties.

5. Limited Offering Memorandum.

a. Delivery of Limited Offering Memorandum. The City previously has delivered, or caused to be delivered, to the Underwriter the Preliminary Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds dated February 22, 2021, (the “Preliminary Limited Offering Memorandum”), in a “designated electronic format,” as defined in the MSRB Rule G-32 (“Rule G-32”). The City will prepare, or cause to be prepared, a final Limited Offering Memorandum relating to the Series 2021 IA#1-2 Bonds (as more particularly defined below, the “Limited Offering Memorandum”) which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission’s Rule 15c2-12, as amended (“Rule 15c2-12”), (iii) in a “designated electronic format,” and (iv) substantially in the form of the most recent version of the Preliminary Limited Offering Memorandum provided to the Underwriter before the execution hereof, except for the inclusion of the information permitted to be excluded from the Preliminary Limited Offering Memorandum by Section (b)(1) of Rule 15c2-12. The Limited Offering Memorandum, including the cover page thereto, all exhibits, schedules, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Series 2021 IA#1-2 Bonds are collectively referred to herein as the “Limited Offering Memorandum.” Until the Limited Offering Memorandum has been prepared and is available for distribution, the City shall provide to the Underwriter, upon request, sufficient quantities (which may be in electronic format) of the Preliminary Limited Offering Memorandum as the Underwriter reasonably deems necessary to satisfy the obligation of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer.

b. Preliminary Limited Offering Memorandum Deemed Final. The Preliminary Limited Offering Memorandum has been prepared for use by the Underwriter in connection with the limited public offering, sale, and distribution of the Series 2021 IA#1-2 Bonds. The City hereby represents and warrants that the Preliminary Limited Offering Memorandum has been deemed final by the City as of its date, except for the omission of such information which is dependent upon the final pricing of the Series 2021 IA#1-2 Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12.

c. Use of Limited Offering Memorandum in Offering and Sale. The City hereby authorizes the Limited Offering Memorandum and the information therein contained to be used by the Underwriter in connection with the limited public offering and the sale of the Series 2021 IA#1-2 Bonds. The City consents to the use by the Underwriter prior to the date hereof of the Preliminary Limited Offering Memorandum in connection with the limited public offering of the Series 2021 IA#1-2 Bonds. The City shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the City’s acceptance of this Agreement (but, in any event, not later than the earlier of the Closing Date or seven (7) business days after the City’s acceptance of this Agreement) copies of the Limited Offering Memorandum which is complete as of the date of its delivery to the Underwriter. The City shall provide the Limited Offering

Memorandum, or cause the Limited Offering Memorandum to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

d. Updating of Limited Offering Memorandum. If, after the date of this Agreement, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than the twenty-fifth (25th) day after the “end of the underwriting period” for the Series 2021 IA#1-2 Bonds), the City becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the City will notify the Underwriter promptly (and for the purposes of this clause provide the Underwriter with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Limited Offering Memorandum, the City will forthwith prepare and furnish, at no expense to the Underwriter (in a form and manner approved by the Underwriter), either an amendment or a supplement to the Limited Offering Memorandum so that the statements therein as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or so that the Limited Offering Memorandum will comply with law; provided, however, that for all purposes of this Agreement and any certificate delivered by the City in accordance herewith, the City makes no representations with respect to the following information (collectively, the “Non-City Disclosures”): (i) the descriptions in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum of The Depository Trust Company, New York, New York (“DTC”), or its book-entry-only system, and (ii) the information in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum in any maps included therein or under the captions and subcaptions “PLAN OF FINANCE — Development Plan,” “ — Home Development within the District,” “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS,” “BOOK-ENTRY-ONLY SYSTEM,” “THE IMPROVEMENT AREA #1-2 PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “THE ADMINISTRATOR,” “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Developer,” “SUITABILITY FOR INVESTMENT,” “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” “INFORMATION RELATING TO THE

TRUSTEE,” “APPENDIX E-2” and “APPENDIX H.” If such notification shall be subsequent to the Closing (as defined herein), the City, at no expense to the Underwriter, shall furnish such legal opinions, certificates, instruments, and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Limited Offering Memorandum. The City shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a “designated electronic format” consistent with the requirements of Rule G-32 and (ii) in a printed format in such quantity as the Underwriter shall reasonably request in order for the Underwriter to comply with Section (b)(4) of Rule 15c2-12 and the rules of the MSRB.

e. Filing with MSRB. The Underwriter hereby agrees to timely file the Limited Offering Memorandum with the MSRB through its Electronic Municipal Market Access (“EMMA”) system within one (1) business day after receipt but no later than the Closing Date. Unless otherwise notified in writing by the Underwriter, the City can assume that the “end of the underwriting period” for purposes of Rule 15c2-12 is the Closing Date.

f. Limited Offering. The Underwriter hereby represents, warrants and covenants that the Series 2021 IA#1-2 Bonds were initially sold pursuant to a limited offering. The Series 2021 IA#1-2 Bonds were sold to not more than thirty-five (35) persons that qualify as “Accredited Investors” (as defined in Rule 501 of Regulation D under the Securities Act) or “Qualified Institutional Buyers” (as defined in Rule 144A under the Securities Act).

6. City Representations, Warranties and Covenants. The City represents, warrants and covenants that:

a. Due Organization, Existence and Authority. The City is a political subdivision of the State, and has, and at the Closing Date will have, full legal right, power and authority:

- (i) to enter into and perform its duties and obligations under:
 - (1) this Agreement;
 - (2) the Indenture;
 - (3) the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”), and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

(4) the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

(5) the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2), effective as of March 26, 2021, as amended by the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) on May 5, 2021 (collectively, the “IA #1-2 Reimbursement Agreement”), executed and delivered by the City and Developer;

(6) Ordinance No. 536 enacted by the City on December 5, 2018 (the “TIRZ Ordinance”) designating the land within the District as a Tax Increment Reinvestment Zone Number One, City of Manor Texas (the “TIRZ”);

(7) Tax Increment and Reinvestment Zone Number One, City of Manor, Texas Project and Finance Plan (the “TIRZ Project and Finance Plan”);

(8) the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

(9) the Continuing Disclosure Agreement of Issuer with respect to the Series 2021 IA#1-2 Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Issuer”), executed and delivered by the City, P3Works, LLC (the “Administrator”), and UMB Bank, N.A., as dissemination agent.

(ii) to issue, sell, and deliver the Series 2021 IA#1-2 Bonds to the Underwriter as provided herein; and

(iii) to carry out and consummate the transactions on its part described in (1) the Authorizing Documents, (2) this Agreement, (3) the Development Agreement, (4) the Financing and Reimbursement Agreement, (5) the IA #1-2 Reimbursement Agreement, (6) the TIRZ Ordinance, (7) the TIRZ Project and Finance Plan, (8) the Landowner Agreement, (9) the Continuing Disclosure Agreement of Issuer, (10) the Limited Offering Memorandum and (11) any other documents and certificates described in any of the foregoing (the documents described by subclauses (1) through (11) being referred to collectively herein as the “City Documents”).

b. Due Authorization and Approval of City. By all necessary official action of the City, the City has duly authorized and approved the adoption or execution and

delivery by the City of, and the performance by the City of the obligations on its part contained in, the City Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded, except as may have been approved by the Underwriter. When validly executed and delivered by the other parties thereto, the City Documents will constitute the legally valid and binding obligations of the City enforceable upon the City in accordance with their respective terms, except insofar as enforcement may be limited by principles of sovereign immunity, bankruptcy, insolvency, reorganization, moratorium, or similar laws or equitable principles relating to or affecting creditors' rights generally. The City has complied, and will at the Closing be in compliance, in all material respects, with the obligations on its part to be performed on or prior to the Closing Date under the City Documents.

c. Due Authorization for Issuance of the Series 2021 IA#1-2 Bonds. The City has duly authorized the issuance and sale of the Series 2021 IA#1-2 Bonds pursuant to the Bond Ordinance, the Indenture, and the Act. The City has, and at the Closing will have, full legal right, power and authority (i) to enter into, execute, deliver, and perform its obligations under this Agreement and the other City Documents, (ii) to issue, sell and deliver the Series 2021 IA#1-2 Bonds to the Underwriter pursuant to the Indenture, the Bond Ordinance, the Act, and as provided herein, and (iii) to carry out, give effect to and consummate the transactions on the part of the City described by the Bond Ordinance and the other City Documents.

d. No Breach or Default. As of the time of acceptance hereof, and to its knowledge, the City is not, and as of the Closing Date the City will not be, in breach of or in default in any material respect under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument related to the Series 2021 IA#1-2 Bonds and to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which breach, default or event could have a material adverse effect on the City's ability to perform its obligations under the Series 2021 IA#1-2 Bonds or the City Documents; and, as of such times, the authorization, execution and delivery of the Series 2021 IA#1-2 Bonds and the City Documents and compliance by the City with the obligations on its part to be performed in each of such agreements or instruments does not and will not conflict with or constitute a material breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment, decree, license, permit, trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the City (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be permitted by the City Documents.

e. No Litigation. At the time of acceptance hereof there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body (collectively and individually, an “Action”) pending against the City with respect to which the City has been served with process, nor to the knowledge of the City is any Action threatened against the City, in which any such Action (i) in any way questions the existence of the City or the rights of the members of the City Council to hold their respective positions, (ii) in any way questions the formation or existence of the District, (iii) affects, contests or seeks to prohibit, restrain or enjoin the issuance or delivery of any of the Series 2021 IA#1-2 Bonds, or the payment or collection of any amounts pledged to pay the principal of and interest on the Series 2021 IA#1-2 Bonds, or in any way contests or affects the validity of the City Documents or the consummation of the transactions on the part of the City described therein, or contests the exclusion of the interest on the Series 2021 IA#1-2 Bonds from federal income taxation, or (iv) which may result in any material adverse change in the financial condition of the City; and, as of the time of acceptance hereof, to the City’s knowledge, there is no basis for any action, suit, proceeding, inquiry, or investigation of the nature described in clauses (i) through (iv) of this sentence.

f. Bonds Issued Pursuant to Indenture. The City represents that the Series 2021 IA#1-2 Bonds, when issued, executed, and delivered in accordance with the Indenture and sold to the Underwriter as provided herein, will be validly issued and outstanding obligations of the City subject to the terms of the Indenture, entitled to the benefits of the Indenture and the security of the pledge of the proceeds of the levy of the Assessments received by the City, all to the extent provided for in the Indenture. The Indenture creates a valid pledge of certain revenues and the monies in certain funds and accounts established pursuant to the Indenture to the extent provided for in the Indenture, including the investments thereof, subject in all cases to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein.

g. Assessments. The Assessments constituting the security for the Series 2021 IA#1-2 Bonds have been levied by the City in accordance with the Act on those parcels of land identified in the Improvement Area #1 Assessment Roll and Improvement Area #2 Assessment Roll (as defined in the Service and Assessment Plan). According to the Act, such Assessments constitute a valid and legally binding first and prior lien against the properties assessed, superior to all other liens and claims, except liens or claims for state, county, school district, or municipality ad valorem taxes.

h. Consents and Approvals. All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency, or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the City of, its obligations in connection with the City Documents have been duly obtained or made and are in full force and effect, except the approval of the Series 2021 IA#1-2 Bonds by the Attorney General of the State, registration of the Series 2021 IA#1-2 Bonds

by the Comptroller of Public Accounts of the State, and the approvals, consents and orders as may be required under Blue Sky or securities laws of any jurisdiction.

i. Public Debt. Prior to the Closing, the City will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by a pledge of the Assessments which secure the Series 2021 IA#1-2 Bonds without the prior approval of the Underwriter.

j. Preliminary Limited Offering Memorandum. The information contained in the Preliminary Limited Offering Memorandum is true and correct in all material respects, and such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to the Non-City Disclosures.

k. Limited Offering Memorandum. At the time of the City's acceptance hereof and (unless the Limited Offering Memorandum is amended or supplemented pursuant to paragraph (d) of Section 5 of this Agreement) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the information contained in the Limited Offering Memorandum does not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representations with respect to the Non-City Disclosures; and further provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

l. Supplements or Amendments to Limited Offering Memorandum. If the Limited Offering Memorandum is supplemented or amended pursuant to paragraph (d) of Section 5 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the twenty-fifth (25th) day subsequent to the "end of the underwriting period," the Limited Offering Memorandum as so supplemented or amended will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that if the City notifies the Underwriter of any fact or event as required by Section 5(d) hereof, and the Underwriter determines that such fact or event does not require preparation and publication of a supplement or amendment to the Limited Offering Memorandum, then the Limited Offering Memorandum in its then-current form shall be conclusively deemed to be complete and correct in all material respects.

m. Compliance with Rule 15c2-12. The City was not obligated to undertake any continuing disclosure reporting until its issuance of the Lagos Public Improvement District Special Assessment Revenue Bonds in January of 2020. Since that time, the City has complied in all material respects with its previous continuing disclosure undertakings made by it in accordance with Rule 15c2-12, except as described in the Limited Offering Memorandum.

n. Use of Bond Proceeds. The City will apply, or cause to be applied, the proceeds from the sale of the Series 2021 IA#1-2 Bonds as provided in and subject to all of the terms and provisions of the Indenture and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2021 IA#1-2 Bonds.

o. Blue Sky and Securities Laws and Regulations. The City will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, at no expense to the City, (i) to (y) qualify the Series 2021 IA#1-2 Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Series 2021 IA#1-2 Bonds for investment under the laws of such states and other jurisdictions and (ii) to continue such qualifications in effect so long as required for the initial distribution of the Series 2021 IA#1-2 Bonds by the Underwriter (provided, however, that the City will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the City of any notification with respect to the suspension of the qualification of the Series 2021 IA#1-2 Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

p. Certificates of the City. Any certificate signed by any official of the City authorized to do so in connection with the transactions described in this Agreement shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein and can be relied upon by the Underwriter as to the statements made therein.

q. Intentional Actions Regarding Representations and Warranties. The City covenants that between the date hereof and the Closing it will not intentionally take actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

r. Financial Advisor. The City has engaged SAMCO Capital Markets, Inc., as its financial advisor (the “Financial Advisor”) in connection with its offering and issuance of the Series 2021 IA#1-2 Bonds.

By delivering the Limited Offering Memorandum to the Underwriter, the City shall be deemed to have reaffirmed, with respect to the Limited Offering Memorandum, the representations, warranties and covenants set forth above.

7. Developer Letter of Representations. At the signing of this Agreement, the City and Underwriter shall receive from the Developer an executed Developer Letter of Representations (the “Developer Letter of Representations”) in the form of Appendix A hereto, and, at the Closing, a certificate signed by the Developer as set forth in Appendix E hereof (the “Developer Closing Certificate”).

8. The Closing. At 10:00 a.m., Central time, on the Closing Date, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, (i) the City will deliver or cause to be delivered to DTC through its “FAST” System, the Series 2021 IA#1-2 Bonds in the form of one fully registered Bond for each maturity, registered in the name of Cede & Co., as nominee for DTC, duly executed by the City and authenticated by the Trustee as provided in the Indenture, and (ii) the City will deliver the closing documents hereinafter mentioned to Bickerstaff Heath Delgado Acosta LLP (“Bond Counsel”), or a place to be mutually agreed upon by the City and the Underwriter. Settlement will be through the facilities of DTC. The Underwriter will accept delivery and pay the purchase price of the Series 2021 IA#1-2 Bonds as set forth in Section 1 hereof by wire transfer in federal funds payable to the order of the City or its designee. These payments and deliveries, together with the delivery of the aforementioned documents, are herein called the “Closing.” The Series 2021 IA#1-2 Bonds will be made available to the Underwriter or Underwriter’s Counsel (as defined herein) for inspection not less than twenty-four (24) hours prior to the Closing.

9. Underwriter’s Closing Conditions. The Underwriter has entered into this Agreement in reliance upon the representations and covenants herein and in the Developer Letter of Representations and the performance by the City of its obligations under this Agreement, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter’s obligations under this Agreement to purchase, accept delivery of, and pay for the Series 2021 IA#1-2 Bonds shall be conditioned upon the performance by the City of its obligations to be performed hereunder at or prior to Closing and shall also be subject to the following additional conditions:

a. Bring-Down Representations of the City. The representations and covenants of the City contained in this Agreement shall be true and correct in all material respects as of the date hereof and at the time of the Closing, as if made on the Closing Date.

b. Executed Agreements and Performance Thereunder. At the time of the Closing (i) the City Documents shall be in full force and effect, and shall not have been amended, modified, or supplemented except with the written consent of the Underwriter; (ii) the Authorizing Documents shall be in full force and effect; (iii) there shall be in full force and effect such other resolutions or actions of the City as, in the opinion of Bond Counsel and Underwriter’s Counsel, shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the City described in this Agreement and the City Documents; (iv) there shall be in full force and effect such other resolutions or actions of the Developer as, in the opinions of Metcalfe Wolff Stuart & Williams LLP (“Developer’s Counsel”), shall be necessary on or prior to the Closing Date in connection with the transactions on the part of the Developer described in the Developer Letter of Representations, the Development Agreement, the Financing and Reimbursement Agreement, the IA #1-2 Reimbursement Agreement, the Landowner Agreement, the

Post-Closing Agreement between Developer and Continental Homes, effective as of April 21, 2021, and the Continuing Disclosure Agreement of Developer with respect to the Series 2021 IA#1-2 Bonds, dated as of May 1, 2021, executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent (the “Continuing Disclosure Agreement of Developer” and, together with the Developer Letter of Representations, the Development Agreement, the Financing and Reimbursement Agreement, the IA #1-2 Reimbursement Agreement, the Landowner Agreement, the Post-Closing Agreement, and the Continuing Disclosure Agreement of Developer, the “Developer Documents”); and (v) the City shall perform or have performed its obligations required or specified in the City Documents to be performed at or prior to Closing.

c. No Default. At the time of the Closing, no default shall have occurred or be existing and no circumstances or occurrences that, with the passage of time or giving of notice, shall constitute an event of default under this Agreement, the Indenture, the City Documents, the Developer Documents or other documents relating to the financing and construction of the Improvement Area #1-2 Projects and the Development (as defined in the Limited Offering Memorandum), and the Developer shall not be in default in the payment of principal or interest on any of its indebtedness which default shall materially adversely impact the ability of the Developer to pay the Assessments when due or complete the Improvement Area #1-2 Projects.

d. Closing Documents. At or prior to the Closing, the Underwriter shall have received each of the documents required under Section 10 below.

e. Termination Events. The Underwriter shall have the right to cancel its obligation to purchase the Series 2021 IA#1-2 Bonds and to terminate this Agreement without liability therefor by written notification to the City if, between the date of this Agreement and the Closing, in the Underwriter’s reasonable judgment, any of the following shall have occurred:

(i) the market price or marketability of the Series 2021 IA#1-2 Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Series 2021 IA#1-2 Bonds, shall be materially adversely affected by the occurrence of any of the following:

(1) legislation shall have been introduced in or enacted by the Congress of the United States or adopted by either chamber of the Congress thereof, or legislation pending in the Congress of the United States shall have been amended, or legislation shall have been recommended to the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice, or otherwise) by the President of the United States, the Treasury Department of the United States, or the Internal Revenue Service or legislation shall have been proposed for consideration by either chamber of the Congress of the United States by a Committee of such chamber to which such legislation has been referred for consideration, or a decision by a court of the United

States or the Tax Court of the United States shall be rendered or a ruling, regulation, or official statement (final, temporary, or proposed) by or on behalf of the Treasury Department of the United States, the Internal Revenue Service, or other federal agency shall be made, which would result in federal taxation of revenues or other income of the general character expected to be derived by the City or upon interest on securities of the general character of the Series 2021 IA#1-2 Bonds or which would have the effect of changing, directly or indirectly, the federal income tax consequences of receipt of interest on securities of the general character of the Series 2021 IA#1-2 Bonds in the hands of the holders thereof, and which in either case, makes it, in the reasonable judgment of the Underwriter, impracticable or inadvisable to proceed with the offer, sale, or delivery of the Series 2021 IA#1-2 Bonds on the terms and in the manner described in the Limited Offering Memorandum; or

(2) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Series 2021 IA#1-2 Bonds, or the issuance, offering or sale of the Series 2021 IA#1-2 Bonds, including all underlying obligations, as described herein or by the Limited Offering Memorandum, is in violation or would be in violation of, or that obligations of the general character of the Series 2021 IA#1-2 Bonds, or the Series 2021 IA#1-2 Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the “Securities Act”), or that the Indenture need to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the “Trust Indenture Act”); or

(3) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so; provided, however that such suspension in trading or any disruption in securities settlement, payment or clearance services is not in force on the date hereof; or

(4) there shall have occurred (whether or not foreseeable) (i) any outbreak of hostilities (including, without limitation, an act of terrorism) including, but not limited to, an escalation of hostilities that existed prior to the date hereof, (ii) national or international calamity or crisis, including, but not limited to, an escalation in the scope or

magnitude of any natural disaster or international calamity or crisis, or (iii) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States; or

(5) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the City, except as disclosed in or described in the Limited Offering Memorandum; or

(6) any state blue sky or securities commission or other governmental agency or body in any state in which more than ten percent (10%) of the Series 2021 IA#1-2 Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Series 2021 IA#1-2 Bonds as described herein, or issued a stop order or similar ruling relating thereto; or

(7) any amendment to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the City, its property, income, securities (or interest thereon), or the validity or enforceability of the Improvement Area #1 Assessments pledged to pay principal of and interest on the Series 2021 IA#1-2 Bonds; or

(ii) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Series 2021 IA#1-2 Bonds or as to obligations of the general character of the Series 2021 IA#1-2 Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(iii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Limited Offering Memorandum, or has the effect that the Limited Offering Memorandum contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, which change shall occur subsequent to the date of this Agreement and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriter; or

(iv) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Limited Offering Memorandum; or

(v) a general banking moratorium shall have been declared by federal or State authorities having jurisdiction and shall be in force; or

(vi) a material disruption in securities settlement, payment or clearance services shall have occurred; or

(vii) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Series 2021 IA#1-2 Bonds, including the underlying obligations as described in this Agreement or in the Limited Offering Memorandum, or any document relating to the issuance, offering or sale of the Series 2021 IA#1-2 Bonds, is or would be in violation of any provision of the federal securities laws on the Closing Date, including the Securities Act, the Securities Exchange Act of 1934 and the Trust Indenture Act; or

(viii) the purchase of and payment for the Series 2021 IA#1-2 Bonds by the Underwriter, or the resale of the Series 2021 IA#1-2 Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance, or nonfeasance of the Underwriter.

With respect to the conditions described in subparagraphs (ii), (vii) and (viii) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke its termination rights hereunder.

10. Closing Documents. At or prior to the Closing, the Underwriter (or Underwriter's Counsel on behalf of the Underwriter) shall receive the following documents:

a. Bond Opinion. The approving opinion of Bond Counsel, dated the Closing Date and substantially in the form included as Appendix D to the Limited Offering Memorandum, together with a reliance letter from Bond Counsel, dated the Closing Date and addressed to the Underwriter, which may be included in the supplemental opinion required by Section 10(b) hereof, to the effect that the foregoing opinion may be relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

b. Supplemental Opinion. A supplemental opinion of Bond Counsel dated the Closing Date and addressed to the City and the Underwriter, in form and substance acceptable to Underwriter's Counsel, to the following effect:

(i) Except to the extent noted therein, Bond Counsel has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Preliminary Limited Offering Memorandum and in the Limited Offering Memorandum but that Bond Counsel has reviewed the statements and information appearing in the Preliminary Limited Offering Memorandum and the Limited

Offering Memorandum under the captions and subcaptions “PLAN OF FINANCE — The Series 2021 IA#1-2 Bonds” and “— The Series 2021 IA#1-2 Bonds; Additional Obligations” (first paragraph only), “DESCRIPTION OF THE SERIES 2021 IA#1-2 BONDS,” “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Amounts”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings” (first paragraph only) and “— Legal Opinions,” “CONTINUING DISCLOSURE — The City,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS” and “APPENDIX B,” and Bond Counsel is of the opinion that the information relating to the Series 2021 IA#1-2 Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Series 2021 IA#1-2 Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture;

(ii) The Series 2021 IA#1-2 Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(iii) The City has or at the time of the adoption thereof had full power and authority to adopt the Creation Resolution, the Assessment Ordinance, including the Service and Assessment Plan, and the Bond Ordinance (collectively, the foregoing documents are referred to herein as the “City Actions”) and perform its obligations thereunder and the City Actions have been duly adopted, are in full force and effect and have not been modified, amended or rescinded; and

(iv) The Indenture, the Development Agreement, the Financing and Reimbursement Agreement, the IA #1-2 Reimbursement Agreement, the Landowner Agreement, the Continuing Disclosure Agreement of Issuer, and this Agreement have been duly authorized, executed and delivered by the City and, assuming the due authorization, execution and delivery of such instruments, documents, and agreements by the other parties thereto, constitute the legal, valid, and binding agreements of the City, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting enforcement of creditors’ rights, or by the application of equitable principles if equitable remedies are sought and to the application of Texas law relating to governmental immunity applicable to governmental entities.

c. City Legal Opinion. An opinion of the attorney for the City, dated the Closing Date and addressed to the Underwriter, the City, Bond Counsel and the Trustee, with respect to matters relating to the City, substantially in the form of Appendix C hereto or in form otherwise agreed upon by the Underwriter.

d. Opinion of Developer’s Counsel. Opinion of Developer’s Counsel, substantially in the form of Appendix D hereto, dated the Closing Date and addressed to

the City, Bond Counsel, attorney for the City, the Underwriter, and the Trustee or in form otherwise agreed upon by the Underwriter.

e. Developer Closing Certificate. The Developer Closing Certificate dated as of the Closing Date, signed by authorized officers of the Developer in substantially the form of Appendix E hereto.

f. City Closing Certificate. A certificate of the City, dated the Closing Date, signed by an appropriate City Official, to the effect that:

(i) the representations and warranties of the City contained herein and in the City Documents are true and correct in all material respects on and as of the Closing Date as if made on the date thereof;

(ii) the Authorizing Documents and City Documents are in full force and effect and have not been amended, modified, or supplemented;

(iii) except as disclosed in the Limited Offering Memorandum, no litigation or proceeding against the City is pending or, to the best of the knowledge of such person, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the City to hold and exercise their respective positions, (b) contest the due organization and valid existence of the City or the establishment of the District, (c) contest the validity, due authorization and execution of the Series 2021 IA#1-2 Bonds or the City Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the City from levying and collecting the Assessments pledged to pay the principal of and interest on the Series 2021 IA#1-2 Bonds, or the pledge thereof; and

(iv) the City has, to the best of such person's knowledge, complied with all agreements and covenants and satisfied all conditions set forth in the City Documents, on its part to be complied with or satisfied hereunder at or prior to the Closing.

g. Trustee's Counsel Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, the City and Bond Counsel, in form and substance acceptable to Underwriter's Counsel, the City and Bond Counsel to the following effect:

(i) the Trustee is duly organized, validly existing and in good standing as a national banking association organized under the laws of the United States of America, and is duly qualified to serve as Trustee in accordance with the qualifications set forth for the Trustee in the Indenture;

(ii) the Trustee has full right, power, and authority to enter into the Indenture, to perform its obligations under, and to carry out and consummate all of the transactions involving the Trustee contemplated by the Indenture; and

(iii) the Indenture has been duly authorized, executed and delivered by the Trustee and is valid and enforceable against the Trustee in accordance with its terms.

h. Trustee's Certificate. A customary authorization and incumbency certificate dated prior to the Closing Date, signed by authorized officers of the Trustee in form and substance acceptable to the Underwriter, Underwriter's Counsel and Bond Counsel.

i. Underwriter Counsel's Opinion. An opinion, dated the Closing Date and addressed to the Underwriter, of Orrick, Herrington & Sutcliffe LLP ("Underwriter's Counsel"), to the effect that:

(i) The Series 2021 IA#1-2 Bonds are not subject to the registration requirements of the Securities Act, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act;

(ii) Such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Limited Offering Memorandum or in the Limited Offering Memorandum and makes no representation that it has independently verified the accuracy, completeness or fairness of any such statements. In its capacity as counsel to the Underwriter, to assist the Underwriter in part of its responsibility with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, such counsel has participated in conferences with representatives of the Underwriter, representatives of the City, and its counsel, Bickerstaff Heath Delgado Acosta LLP, as bond counsel, SAMCO Capital Markets, Inc., as financial advisor, the public improvement district administrator, the Developer, and its engineers and others, during which the contents of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum and related matters were discussed. Based on such counsel's participation in the above-mentioned conferences (which, with respect to the date of the Preliminary Limited Offering Memorandum, did not extend beyond the date of this Agreement, and, with respect to the date of the Limited Offering Memorandum, did not extend beyond its date), and in reliance thereon, on oral and written statements and representations of the City, the Developer and others and on the records, documents, certificates, opinions and matters herein mentioned, such counsel advises the Underwriter as a matter of fact and not opinion that, during the course of such counsel's representation of the Underwriter on this matter, (a) no facts had come to the attention of the attorneys in such counsel's firm rendering legal services to the Underwriter in connection with the Preliminary Limited Offering Memorandum which caused such counsel to believe, as of the date of the Preliminary Limited Offering Memorandum and as of the date of this Agreement, based on the documents, drafts and facts in existence and reviewed as of those dates, that the Preliminary Limited Offering Memorandum contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were

made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Limited Offering Memorandum), and (b) no facts had come to the attention of the attorneys in such counsel's firm rendering legal service to the Underwriter in connection with the Limited Offering Memorandum which caused such counsel to believe that the Limited Offering Memorandum contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, such counsel expressly excludes from the scope of this paragraph and expresses no view or opinion, with respect to both the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, about any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about verification, feasibility, valuation, appraisals, absorption, real estate or environmental matters, relationship among the parties, Appendices, or any information about book-entry, DTC, Cede & Co., tax matters, included or referred to therein or omitted therefrom. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum; and

(iii) The Continuing Disclosure Agreement of Issuer satisfies the requirements contained in Securities and Exchange Commission Rule 15c2-12(b)(5) for an undertaking for the benefit of the holders of the Series 2021 IA#1-2 Bonds to provide the information at the times and in the manner required by said Rule; provided that, for purposes of this opinion, such counsel is not expressing any view regarding the content of the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum that is not expressly stated in numbered paragraph ii, above.

j. Limited Offering Memorandum. The Limited Offering Memorandum and each supplement or amendment, if any, thereto.

k. Delivery of City Documents and Developer Documents. The City Documents and Developer Documents shall have been executed and delivered in form and content satisfactory to the Underwriter and Underwriter's Counsel.

l. Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing.

m. Federal Tax Certificate. A certificate of the City in form and substance satisfactory to Bond Counsel and Underwriter's Counsel setting forth the facts, estimates and circumstances in existence on the Closing Date, which establish that it is not expected that the proceeds of the Series 2021 IA#1-2 Bonds will be used in a manner that

would cause the Series 2021 IA#1-2 Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code.

n. Attorney General Opinion and Comptroller Registration. The approving opinion of the Attorney General of the State regarding the Series 2021 IA#1-2 Bonds and the Comptroller of the State’s Certificate of Registration for the Initial Bond.

o. Continuing Disclosure Agreements. The Continuing Disclosure Agreement of Issuer and the Continuing Disclosure Agreement of Developer shall have been executed by the parties thereto in substantially the forms attached to the Limited Offering Memorandum as Appendix E-1 and Appendix E-2.

p. Letter of Representation of Administrator. Letter of Representation of Administrator, substantially in the form of Appendix F hereto, addressed to the City, Bond Counsel, the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter.

q. Letter of Representation of the Appraiser. (i) Letter of Representation of the Appraiser, substantially in the form of Appendix G hereto, addressed to the City, Bond Counsel, the Underwriter, and the Trustee, or in form otherwise agreed upon by the Underwriter, and (ii) a copy of the real estate appraisal of the property in the District dated April 15, 2021.

r. Evidence of Filing of Creation Resolution, Landowner Agreement and Assessment Ordinance. Evidence that (i) the Creation Resolution including a legal description of the District by metes and bounds and (ii) the Assessment Ordinance, including the legal description of the property within Improvement Area #1 and Improvement Area #2 of the District, the assessment rolls and a statement indicating the contact for and address of where a copy of the Service and Assessment Plan, and any updates thereto may be obtained or viewed and (iii) the Landowner Agreement, have been filed of record in the real property records of Travis County, Texas.

s. Developer Organizational Documents. The Developer shall have delivered to the Underwriter and the City, (i) fully executed copies of the Developer’s organizational documents, (ii) evidence of good standing in the state of Delaware, (iii) evidence from the Texas Secretary of State of application of registration to do business in Texas; and (iv) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Developer.

t. Rule 15c2-12 Certification. A resolution, ordinance or certificate whereby the City has deemed the Preliminary Limited Offering Memorandum final as of its date, except for permitted omissions, as contemplated by Rule 15c2-12 in connection with the offering of the Series 2021 IA#1-2 Bonds, which certification may be included in the Bond Ordinance.

u. Dissemination Agent. Evidence acceptable to the Underwriter in its sole discretion that the City has engaged a dissemination agent acceptable to the Underwriter for the Series 2021 IA#1-2 Bonds, with the execution of the Continuing Disclosure Agreement of Issuer and the Continuing Disclosure Agreement of Developer by other parties thereto being conclusive evidence of such acceptance by the Underwriter. The Underwriter hereby acknowledges and agrees that UMB Bank, N.A., is an acceptable dissemination agent.

v. BLOR. A copy of the current Blanket Issuer Letter of Representation to DTC signed by the City.

w. Additional Documents. Such additional legal opinions, certificates, instruments, and other documents as the Underwriter or Underwriter's Counsel may reasonably deem necessary.

11. City's Closing Conditions. The obligation of the City hereunder to deliver the Series 2021 IA#1-2 Bonds shall be subject to receipt on or before the Closing Date of the purchase price set forth in Section 1 hereof, the Attorney General Opinion, the opinion of Bond Counsel described in Section 10(a) hereof and all documents required to be delivered by the Developer.

12. Consequences of Termination. If the City shall be unable to satisfy the conditions contained in this Agreement or if the obligations of the Underwriter shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and the Underwriter and the City shall have no further obligation hereunder, except as further set forth in Sections 13, 15 and 16 hereof.

13. Costs and Expenses.

a. The Underwriter shall be under no obligation to pay, and the City shall cause to be paid from proceeds of the Series 2021 IA#1-2 Bonds the following expenses incident to the issuance of the Series 2021 IA#1-2 Bonds and performance of the City's obligations hereunder: (i) the costs of the preparation and printing of the Series 2021 IA#1-2 Bonds; (ii) the cost of preparation, printing, and mailing of the Preliminary Limited Offering Memorandum, the final Limited Offering Memorandum and any supplements and amendments thereto; (iii) the fees and disbursements of the City's Financial Advisor, the Trustee's counsel, Bond Counsel, Developer's Counsel, and the Trustee relating to the issuance of the Series 2021 IA#1-2 Bonds; (iv) the Attorney General's review fees; (v) the fees and disbursements of accountants, advisers and any other experts or consultants retained by the City or the Developer, including but not limited to the fees and expenses of the Appraiser and the Administrator; and (vi) the expenses incurred by or on behalf of City employees and representatives that are incidental to the issuance of the Series 2021 IA#1-2 Bonds and the performance by the City of its obligations under this Agreement.

b. The Underwriter shall pay the following expenses: (i) all advertising expenses in connection with the limited offering of the Series 2021 IA#1-2 Bonds; (ii)

fees of Underwriter's Counsel; and (iii) all other expenses, including CUSIP fees (including out-of-pocket expenses and related regulatory expenses), incurred by it in connection with its limited public offering and distribution of the Series 2021 IA#1-2 Bonds, except as noted in Subsection 13(a) above.

c. The City acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a nonprofit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

14. Notice. Any notice or other communication to be given to the City under this Agreement may be given by delivering the same in writing to: City of Manor, Texas, 105 E. Eggleston Street, Manor, Texas 78653, Attention: City Manager.

Any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to: FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas 75034, Attention: Tripp Davenport, Director.

15. Entire Agreement. This Agreement is made solely for the benefit of the City and the Underwriter (including their respective successors and assigns), and no other person shall acquire or have any right hereunder or by virtue hereof. All of the City's representations, warranties, and agreements contained in this Agreement shall remain operative and in full force and effect regardless of: (i) any investigations made by or on behalf of the Underwriter, provided the City shall have no liability with respect to any matter of which the Underwriter has actual knowledge prior to the purchase of the Series 2021 IA#1-2 Bonds; or (ii) delivery of any payment for the Series 2021 IA#1-2 Bonds pursuant to this Agreement. The agreements contained in this Section and in Section 16 shall survive any termination of this Agreement.

16. Survival of Representations and Warranties. All representations and warranties of the parties made in, pursuant to or in connection with this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigation by the parties. All statements contained in any certificate, instrument, or other writing delivered by a party to this Agreement or in connection with the transactions described in or by this Agreement constitute representations and warranties by such party under this Agreement to the extent such statement is set forth as a representation and warranty in the instrument in question.

17. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

18. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

19. State Law Governs. The validity, interpretation, and performance of this Agreement shall be governed by the laws of the State.

20. No Assignment. The rights and obligations created by this Agreement shall not be subject to assignment by the Underwriter or the City without the prior written consent of the other party hereto.

21. No Personal Liability. None of the members of the City Council, nor any officer, representative, agent, or employee of the City, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Agreement.

22. Anti-Boycott Verification. The Underwriter hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Underwriter understands “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

23. Iran, Sudan and Foreign Terrorist Organizations. The Underwriter represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Underwriter and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Underwriter understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

24. Form 1295. Submitted herewith is a completed Form 1295 in connection with the Underwriter’s participation in the execution of this Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The City hereby confirms receipt of the Form 1295 from the Underwriter, and

the City agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Underwriter and the City understand and agree that, with the exception of information identifying the City and the contract identification number, neither the City nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Underwriter; and, neither the City nor its consultants have verified such information.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first set forth above.

FMSbonds, Inc.,
as Underwriter

By: _____
Name: Theodore A. Swinarski
Title: Senior Vice President - Trading

Accepted at _____ a.m./p.m. central time on the date first stated above.

City of Manor, Texas

By: _____
Mayor

SCHEDULE I

\$[6,005,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)

Interest Accrues From: Date of Delivery

\$ _____ % Term Bonds, Due _____, Priced to Yield _____% (a) (c) (d)

-
- (a) [The initial reoffering prices or yields of the Series 2021 IA#1-2 Bonds have been determined in accordance with the 10% test.]
 - (b) The Series 2021 IA#1-2 Bonds may be redeemed before their scheduled maturity date, in whole or in part, on any date on or after _____, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Series 2021 IA#1-2 Bonds to be redeemed, plus accrued and unpaid interest to the date of redemption.
 - (c) The Series 2021 IA#1-2 Bonds are also subject to extraordinary optional redemption as described in the Limited Offering Memorandum under “DESCRIPTION OF THE SERIES 2021 IA#1-2 BONDS — Redemption Provisions.”
 - (d) The Series 2021 IA#1-2 Bonds maturing _____, _____, _____ are also subject to mandatory sinking fund redemption on the dates and in the respective Sinking Fund Installment Amounts as set forth in the following schedule.

[Remainder of page intentionally left blank]

\$ Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2022	\$
September 15, 2023	
September 15, 2024	
September 15, 2025	

† Stated Maturity

\$ Bonds Maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 2031	\$
September 15, 2032	
September 15, 2033	
September 15, 2034	
September 15, 2035	
September 15, 2036	
September 15, 2037	
September 15, 2038	
September 15, 2039	
September 15, 2040	

† Stated Maturity

APPENDIX A

FORM OF DEVELOPER LETTER OF REPRESENTATIONS

[\$6,005,000]

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)**

DEVELOPER LETTER OF REPRESENTATIONS

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expy., Building 1, Suite 300
Austin, Texas 78746

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, Texas 78730

Ladies and Gentlemen:

This letter is being delivered to the City of Manor, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”), in consideration for your entering into the Bond Purchase Agreement dated the date hereof (the “Bond Purchase Agreement”) for the sale and purchase of the \$[6,005,000] “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed to purchase from the City, and the City has agreed to sell to the Underwriter the Series 2021 IA#1-2 Bonds. In order to induce the City to enter into the Bond Purchase Agreement and as consideration for the execution, delivery, and sale of the Series 2021 IA#1-2 Bonds by the City and the purchase of them by the Underwriter, the undersigned, Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” or the “Developer”), makes the representations, warranties, and covenants contained in this Developer Letter of Representations. Unless the context clearly indicates otherwise, each capitalized term used in this Developer Letter of Representations will have the meaning set forth in the Bond Purchase Agreement.

1. Purchase and Sale of Bonds. Inasmuch as the purchase and sale of the Series 2021 IA#1-2 Bonds represents a negotiated transaction, the Developer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Developer, but rather is acting solely in its capacity as Underwriter of the Series 2021 IA#1-2 Bonds for its own account.

2. Updating of the Limited Offering Memorandum. If, after the date of this Developer Letter of Representations, up to and including the date the Underwriter is no longer required to provide a Limited Offering Memorandum to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) ninety (90) days from the “end of the underwriting period” (as defined in Rule 15c2-12) and (ii) the time when the Limited Offering Memorandum is available to any person from the MSRB, but in no case less than twenty-five (25) days after the “end of the underwriting period” for the Series 2021 IA#1-2 Bonds), the Developer becomes aware of any fact or event which might or would cause the Limited Offering Memorandum, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or if it is necessary to amend or supplement the Limited Offering Memorandum to comply with law, the Developer will notify the Underwriter promptly (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request); however, that for the purposes of this Developer Letter of Representations and any certificate delivered by the Developer in accordance with the Bond Purchase Agreement, the Developer makes no representations with respect to the information appearing in the Preliminary Limited Offering Memorandum or the Limited Offering Memorandum except for the information set forth in all of the maps included therein and under the captions and subcaptions “PLAN OF FINANCE” (except for “– The Series 2021 IA#1-2 Bonds” and “– The Series 2021 MIA Bonds; Additional Obligations”), “THE IMPROVEMENT AREA #1-2 PROJECTS,” “THE DEVELOPMENT” and “THE DEVELOPER” and, to the Developer’s knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #1-2 Projects, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Developer,” “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” “SOURCES OF INFORMATION — Source of Certain Information,” “APPENDIX E-2,” “APPENDIX F” and “APPENDIX G” (collectively, the “Developer Disclosures”) in accordance with subsection 4(f) herein.

3. Developer Documents. The Developer has executed and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms:

- a. this Developer Letter of Representations;
- b. the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”) and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar, as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

c. the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

d. the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2), effective as of March 26, 2021, as amended by the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) on May 5, 2021 (collectively, the “IA #1-2 Reimbursement Agreement”), executed and delivered by the City and Developer;

e. the Landowner Agreement dated as of May 5, 2021, between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

f. the Post-Closing Agreement (the “Post-Closing Agreement”), effective as of April 21, 2021, executed by Continental Homes and Forestar;

g. the Continuing Disclosure Agreement of Developer with respect to the Series 2021 IA#1-2 Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Developer”), executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent.

The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

The representations and warranties of the Developer contained in the Developer Documents are true and correct in all material respects on and as of the date hereof.

4. Developer Representations, Warranties and Covenants. The Developer represents, warrants, and covenants to the City and the Underwriter that:

a. Due Organization and Existence. The Developer is duly formed and validly existing as a corporation under the laws of the State of Delaware.

b. Organizational Documents. The copies of the organizational documents of the Developer provided by the Developer (the “Developer Organizational Documents”) to the City and the Underwriter are fully executed, true, correct, and complete copies of such documents and such documents have not been amended or supplemented since delivery to the City and the Underwriter and are in full force and effect as of the date hereof.

c. No Breach. The execution and delivery of the Developer Documents by Developer does not violate any judgment, order, writ, injunction or decree binding on Developer or any indenture, agreement, or other instrument to which the Developer is a party.

d. No Litigation. Other than as described in the Preliminary Limited Offering Memorandum and in the Limited Offering Memorandum, there are no proceedings pending or to Developer's knowledge, threatened in writing before any court or administrative agency against the Developer that are either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the District in accordance with the description thereof in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

e. Information. The information prepared and submitted by the Developer to the City or the Underwriter in connection with the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum was, and is, as of this date, true and correct in all material respects.

f. Preliminary Limited Offering Memorandum and Limited Offering Memorandum. The Developer represents and warrants that the information set forth in the Developer Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum is true and correct and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Developer agrees to provide a certificate dated the Closing Date affirming, as of such date, the representations contained in this subsection (f) with respect to the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum.

g. Events of Default. To Developer's knowledge, no "Event of Default" or "event of default" by the Developer under any of the Developer Documents, any documents to which the Developer is a party described in the Limited Offering Memorandum, or under any material documents relating to the financing and construction of the Improvement Area #1-2 Projects to which the Developer is a party, or event that, with the passage of time or the giving of notice or both, would constitute such "Event of Default" or "event of default" by the Developer, has occurred and is continuing.

5. Indemnification.

a. The Developer will indemnify and hold harmless the City and the Underwriter and each of their officers, directors, employees and agents against any losses, claims, damages or liabilities to which any of them may become subject, under the Securities Act of 1933 or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained or incorporated by reference in the Developer Disclosures in the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum, or any amendment or supplement to the Limited Offering Memorandum amending or supplementing the information contained under the aforementioned captions (as qualified above), or arise out of or are based upon the

omission, untrue statement or alleged untrue statement or omission to state therein a material fact necessary to make the statements under the aforementioned captions (as qualified above) not misleading under the circumstances under which they were made and will reimburse any indemnified party for any reasonable legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred.

b. Promptly after receipt by an indemnified party under subsection (a) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to the indemnified party otherwise than under such subsection, unless such indemnifying party was prejudiced by such delay or lack of notice. In case any such action shall be brought against an indemnified party, it shall promptly notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff in any such action, the indemnifying party will indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment. The indemnity herein shall survive delivery of the Series 2021 IA#1-2 Bonds and shall survive any investigation made by or on behalf of the City, the Developer or the Underwriter.

6. Survival of Representations, Warranties and Covenants. All representations, warranties, and agreements in this Developer Letter of Representations will survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of any payment by the Underwriter for the Series 2021 IA#1-2 Bonds hereunder, and (c) any termination of the Bond Purchase Agreement.

7. Binding on Successors and Assigns. This Developer Letter of Representations will be binding upon the Developer and its successors and assigns and inure solely to the benefit of the Underwriter and the City, and no other person or firm or entity will acquire or have any right under or by virtue of this Developer Letter of Representations.

[Signature page follows.]

DEVELOPER

FORESTAR (USA) REAL ESTATE GROUP, INC.,
a Delaware corporation

By: _____
[_____]

APPENDIX B

**[\$6,005,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of FMSbonds, Inc. (the “Representative”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Series 2021 IA#1-2 Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Representative offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Series 2021 IA#1-2 Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement for the Series 2021 IA#1-2 Bonds, the Representative has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Series 2021 IA#1-2 Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Series 2021 IA#1-2 Bonds during the Holding Period.

3. ***Defined Terms.***

(a) General Rule Maturities means those Maturities of the Series 2021 IA#1-2 Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) Hold-the-Offering-Price Maturities means those Maturities of the Series 2021 IA#1-2 Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (May 5, 2021), or (ii) the date on which the Underwriters have sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) Issuer means the City of Manor, Texas.

(e) Maturity means Series 2021 IA#1-2 Bonds with the same credit and payment terms. Series 2021 IA#1-2 Bonds with different maturity dates, or Series 2021 IA#1-2 Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Series 2021 IA#1-2 Bonds. The Sale Date of the Series 2021 IA#1-2 Bonds is May 5, 2021.

(h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series 2021 IA#1-2 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Series 2021 IA#1-2 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series 2021 IA#1-2 Bonds to the Public).

[Remainder of this page intentionally left blank]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Series 2021 IA#1-2 Bonds, and by Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Series 2021 IA#1-2 Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Series 2021 IA#1-2 Bonds.

EXECUTED and DELIVERED as of this _____, 2021.

FMSbonds, Inc.,
as Underwriter

By: _____

Name: Theodore A. Swinarski
Title: Senior Vice President – Trading

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING
PRICES OF THE HOLD THE OFFERING PRICE MATURITIES

(Attached)

SCHEDULE B
PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

APPENDIX C

[LETTERHEAD OF THE KNIGHT LAW FIRM, LLP]

_____, 2021

City of Manor, Texas
 105 E. Eggleston Street
 Manor, Texas 78653

FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
 3711 S. MoPac Expy., Building 1, Suite 300
 Austin, Texas 78746

UMB Bank, N.A.
 6034 W. Courtyard Drive, Suite 370
 Austin, Texas 78730

[\$6,005,000]

**CITY OF MANOR, TEXAS,
 SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
 (MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
 IMPROVEMENT AREA #1-2 PROJECT)**

Ladies and Gentlemen:

We are the Attorney for the City of Manor, Texas (the “City”) for limited purposes, and are rendering this opinion in connection with the issuance and sale of \$[6,005,000] “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”), by the City, a political subdivision of the State of Texas.

The Series 2021 IA#1-2 Bonds are authorized pursuant to Ordinance No. [____] and enacted by the City Council of the City (the “City Council”) on May 5, 2021 (the “Bond Ordinance”) and shall be issued pursuant to the provisions of Subchapter A of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the “Act”) and the Indenture of Trust, dated as of May 1, 2021 (the “Indenture”), entered into by and between the City and UMB Bank, N.A., as trustee (the “Trustee”). Capitalized terms not defined herein shall have the same meanings as in the Indenture, unless otherwise stated herein. In connection with rendering this opinion, we have reviewed the:

(a) Resolution No. 2018-10 enacted by the City Council on November 7, 2018 (the “Creation Resolution”), creating the Manor Heights Public Improvement District (the “District”) and Resolution No. 2020-11 enacted by the City Council on October 7, 2020 (the “Additional Land Resolution”), adding additional land to the District;

(b) Ordinance No. [_____] enacted by City Council on May 5, 2021 (the “Assessment Ordinance”), levying the Assessments and approving the Service and Assessment Plan attached as an exhibit thereto (the “Service and Assessment Plan”);

(d) the Bond Ordinance;

(e) the Indenture;

(f) the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”) and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

(g) the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);

(h) the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2), effective as of March 26, 2021, as amended by the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) on May 5, 2021 (collectively, the “IA #1-2 Reimbursement Agreement”), executed and delivered by the City and Developer;

(i) the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);

(j) Ordinance No. 536 enacted by the City on December 5, 2018 (the “TIRZ Ordinance”) designating the land within the District as a Tax Increment Reinvestment Zone Number One, City of Manor Texas (the “TIRZ”);

(k) Tax Increment and Reinvestment Zone Number One, City of Manor, Texas Project and Finance Plan (the “TIRZ Project and Finance Plan”);

(l) the Continuing Disclosure Agreement of Issuer with respect to the Series 2021 IA#1-2 Bonds, dated as of May 1, 2021 executed and delivered by the City, P3Works, LLC, as Administrator, and UMB Bank, N.A., as Dissemination Agent.

The Creation Resolution, the Additional Land Resolution, the Assessment Ordinance, the Bond Ordinance, and the TIRZ Ordinance shall herein after be referred to as the “Authorizing Documents” and the remaining documents shall herein after be collectively referred to as the “City Documents.”

In all such examinations, we have assumed that all signatures on documents and instruments executed by the City are genuine and that all documents submitted to me as copies conform to the originals. In addition, for purposes of this opinion, we have assumed the due authorization, execution and delivery of the City Documents by all parties other than the City.

Based upon and subject to the foregoing and the additional qualifications and assumptions set forth herein, we are of the opinion that:

1. The City is a Texas political subdivision and home rule municipal corporation and has all necessary power and authority to enter into and perform its obligations under the Authorizing Documents and the City Documents. The City has taken or obtained all actions, approvals, consents and authorizations required of it by applicable laws in connection with the execution of the Authorizing Documents and the City Documents and the performance of its obligations thereunder.

2. There is no action, suit, proceeding, inquiry or investigation at law or in equity, before or by any court, public board or body, pending, or, to the best of our knowledge, threatened against the City: (a) affecting the existence of the City or the titles of its officers to their respective offices, (b) in any way questioning the formation or existence of the District, (c) affecting, contesting or seeking to prohibit, restrain or enjoin the delivery of any of the Series 2021 IA#1-2 Bonds, or the payment, collection or application of any amounts pledged or to be pledged to pay the principal of and interest on the Series 2021 IA#1-2 Bonds, including the Improvement Area #1 Assessments and the Improvement Area #2 Assessments in the District pursuant to the provisions of the Assessment Ordinance and the Service and Assessment Plan referenced therein, (d) contesting or affecting the validity or enforceability or the City's performance of the City Documents, (e) contesting the exclusion of the interest on the Series 2021 IA#1-2 Bonds from federal income taxation, or (f) which may result in any material adverse change relating to the financial condition of the City.

3. The Authorizing Documents were duly enacted by the City and remain in full force and effect on the date hereof.

4. The City Documents have been duly authorized, executed and delivered by the City and remain legal, valid and binding obligations of the City enforceable against the City in accordance with their terms. However, the enforceability of the obligations of the City under such City Documents may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally, (b) principles of equity, whether considered at law or in equity, and (c) the application of Texas law relating to action by future councils and relating to governmental immunity applicable to governmental entities.

5. The performance by the City of the obligations under the Authorizing Documents and the City Documents will not violate any provision of any federal or Texas constitutional or statutory provision.

6. No further consent, approval, authorization, or order of any court or governmental agency or body or official is required to be obtained by the City as a condition precedent to the performance by the City of its obligations under the Authorizing Documents and the City Documents.

7. The City has duly authorized, executed and delivered the Preliminary Limited Offering Memorandum.

8. Based upon our limited participation in the preparation of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum (collectively, the “Limited Offering Memorandum”), the statements and information contained in the Limited Offering Memorandum with respect to the City under the captions and subcaptions “ASSESSMENT PROCEDURES — Assessment Methodology” and “ — Assessment Amounts,” “THE CITY,” “THE DISTRICT,” “LEGAL MATTERS — Litigation – The City” and “APPENDIX A” is a fair and accurate summary of the law and the documents and facts summarized therein.

9. The adoption of the Authorizing Documents and the execution and delivery of the City Documents and the compliance with the provisions of the Authorizing Documents and the City Documents under the circumstances contemplated thereby, to the best of our knowledge: (a) do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default under any agreement to which the City is a party or by which it is bound, and (b) do not and will not in any material respect conflict with or constitute on the part of the City a violation, breach of or default under any existing law, regulation, court order or consent decree to which the City is subject.

This opinion may not be relied upon by any other person except those specifically addressed in this letter.

Very truly yours,

VERONICA RIVERA
THE KNIGHT LAW FIRM, LLP
ATTORNEY FOR THE CITY

APPENDIX D

[LETTERHEAD OF METCALFE WOLFF STUART & WILLIAMS LLP]

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expy., Building 1, Suite 300
Austin, Texas 78746

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, Texas 78730

The Knight Law Firm, LLP
223 West Anderson Lane, Suite A-105
Austin, Texas 78752

[\$6,005,000]
CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)

We have acted as special counsel to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the “Developer”), in connection with the issuance and sale by the City of Manor, Texas (the “City”), of \$[6,005,000] “City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”), pursuant to the Indenture of Trust dated as of May 1, 2021 (the “Indenture”), by and between the City and UMB Bank, N.A., as trustee (the “Trustee”). Proceeds from the sale of the Series 2021 IA#1-2 Bonds will be used, in part, to fund certain public infrastructure improvements benefiting the Manor Heights Public Improvement District (the “District”) located in the City.

The Series 2021 IA#1-2 Bonds are being sold by FMSbonds, Inc. (the “Underwriter”), pursuant to that certain Bond Purchase Agreement dated May 5, 2021, (the “Bond Purchase Agreement”), by and between the City and the Underwriter. This opinion is being delivered pursuant to Section 10(d) of the Bond Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Bond Purchase Agreement.

Assumptions and Bases for Opinions and Assurances

In our capacity as special counsel to the Developer, and for purposes of rendering the opinions set forth herein, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

- (1) The following documents previously executed or being executed, entered into and/or issued, as the case may be, in connection with the issuance of the Series 2021 IA#1-2 Bonds (collectively, the “Documents”):
- a. The Indenture executed by the City and the Trustee;
 - b. The Bond Purchase Agreement executed by the Underwriter and the City;
 - c. The Developer Letter of Representations executed by the Developer dated May 5, 2021;
 - d. The Developer Certificate executed by the Developer, pursuant to Appendix A of the Bond Purchase Agreement, dated May 27, 2021;
 - e. the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”) and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);
 - f. the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOF and Continental Homes of Texas, L.P (“Continental Homes”);
 - g. the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2), effective as of March 26, 2021, as amended by the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) on May 5, 2021 (collectively, the “IA #1-2 Reimbursement Agreement”), executed and delivered by the City and Developer;

- h. the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOF and Continental Homes (the “Landowner Agreement”);
- i. the Post-Closing Agreement (the “Post-Closing Agreement”), effective as of April 21, 2021, executed by Continental Homes and Forestar;
- j. the Continuing Disclosure Agreement of Developer with respect to the Series 2021 IA#1-2 Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Developer”), executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent.

(2) The Preliminary Limited Offering Memorandum, dated February 22, 2021 relating to the issuance of the Bonds as authorized by the City (the “Preliminary Limited Offering Memorandum”);

(3) The final Limited Offering Memorandum relating to the issuance of the Bonds, dated [____], as authorized by the City (the “Limited Offering Memorandum”); and

(4) Such other documents, records, agreements, and certificates of the Developer as we have deemed necessary or appropriate to enable us to render the opinions expressed below.

In basing the opinions and other matters set forth herein on “our knowledge,” the words “our knowledge” signify that, in the course of our representation of the Developer the principal attorneys in this firm involved in the current actual transaction do not have actual knowledge or actual notice that any such opinions or other matters are not accurate or that any of the documents, certificates, reports and information on which we have relied are not accurate and complete. Except as otherwise stated herein, we have undertaken no independent investigation or certification of such matters. The words “our knowledge” and similar language used herein are intended to be limited to the knowledge of the attorneys within our firm who have worked on the matters contemplated by our representation as special counsel.

In rendering the opinions set forth herein, we have assumed, without independent investigation, that:

(i) all persons other than the Developer have duly and validly executed and delivered each instrument, document, and agreement constituting a Document or executed in connection therewith to which such party is a signatory, and each such party’s obligations set forth therein are its legal, valid, and binding obligations, enforceable in accordance with the terms thereof;

(ii) each person executing any such instrument, document, or agreement other than the Developer is duly authorized and has the legal power to do so;

(iii) each natural person executing any such instrument, document, or agreement is legally competent to do so;

(iv) there are no oral or written modifications of, or amendments to, the Documents, and there has been no waiver of any of the provisions thereof, by actions or conduct of the parties or otherwise;

(v) all representations of fact set forth in the Documents and the “Organizational Documents and Certificates” as provided herein as Exhibit A are complete and accurate, insofar as such facts pertain to the subject matter of the opinions rendered hereby; and

(vi) all documents submitted to us as originals are complete and authentic, all documents submitted to us as certified, conformed or photostatic copies conform to the original documents, all signatures on all documents submitted to us for examination are genuine, and all public records and certificates of public officials are accurate and complete.

In addition, we have assumed that the Documents accurately reflect the complete understanding of the parties with respect to the transactions contemplated thereby and the rights and obligations of the parties thereunder. We have also assumed that the terms and conditions of the transaction as reflected in the Documents have not been amended, modified or supplemented, directly or indirectly, by any other agreement or understanding of the parties or waiver of any of the material provisions of the Documents.

We assume that none of the parties to the Documents (other than Developer) is a party to any court or regulatory proceeding relating to or otherwise affecting the Documents or is subject to any order, writ, injunction or decree of any court or federal, state or local governmental agency or commission that would prohibit the execution and delivery of the Documents, or the consummation of the transactions therein contemplated in the manner therein provided, or impair the validity or enforceability thereof. We assume that each of the parties to the Documents (other than Developer) has full authority to close this transaction in accordance with the terms and provisions of the Documents.

We assume that neither the Underwriter nor the City nor their respective counsel has any current actual knowledge of any facts not known to us or any law or judicial decision which would make the opinions set forth herein incorrect, and that no party upon whom we have relied for purposes of this opinion letter has perpetrated a fraud.

We bring to your attention that as special counsel, we have only been engaged by the Developer in connection with the Documents (and the transactions contemplated in the Documents) and do not represent the Developer generally.

Opinions

Based solely upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Developer is validly existing and is in good standing under the laws of the State of Delaware and is authorized to do business in the State of Texas.
2. The Developer has the requisite corporate power to execute, deliver and perform its obligations under each of the Documents to which it is a party and has taken all

necessary corporate action to authorize the execution and delivery of such Documents and the performance by Developer of the obligations under such Documents.

3. The execution and delivery by the Developer of the Documents to which it is a party and the performance by the Developer of its obligation under the Documents will not:

- (i) to our knowledge, violate any provision of any existing law, statute, rule or regulation applicable to the Developer under the laws of the State of Texas nor subject the Developer to a fine, penalty or other similar sanctions under any law, statute, rule or regulation applicable to the Developer;
- (ii) to our knowledge, violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Developer, nor, to our knowledge, will the performance of the agreements in the Documents violate or result in the breach of any existing court decree or order of any governmental body binding upon or affecting the Developer; or
- (iii) violate the Developer Basic Documents (as defined in Exhibit A), nor will the performance by the Developer of the agreements in the Documents violate the Developer Basic Documents.

4. To our knowledge, the execution, delivery and performance by the Developer of the Documents to which it is a party do not constitute a breach of or default under any existing loan agreement, indenture, bond note, resolution, agreement or other instrument to which the Developer is a party or is otherwise subject, which violation, breach or default would materially adversely affect the Developer or the transactions contemplated by the Documents.

5. To our knowledge, no consent, approval, authorization or other action by, or filing with, any governmental authority is required for the execution and delivery by the Developer of the Documents to which the Developer is a party, other than as are required with respect to the financing transaction evidenced thereby.

6. The Developer has duly executed and delivered each of the Documents to which it is a party, and each of such Documents constitutes the legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms.

7. No taxes or other charges, including, without limitation, intangible or documentary stamp taxes, mortgage or recording taxes, transfer taxes or similar charges, are payable to the State of Texas by the Developer on account of its execution or delivery of any of the Documents or the recording or filing of any of the Documents in the Official Public Records of Travis County, Texas, except for normal filing or recording fees.

Assurances

Subject to the assumptions, qualifications and limitations set forth herein, we provide you the following assurances:

- A. There are no actions, suits or proceedings pending or, to our knowledge, threatened against the Developer in any court of law or equity, or before or by any governmental instrumentality with respect to (i) its organization or existence or qualification to do business in the State of Texas; (ii) its authority to execute or deliver the Documents to which it is a party; (iii) the validity or enforceability against it of such Documents or the transactions contemplated thereby; (iv) the titles of its officers executing the Documents; (v) the execution and delivery of the Documents on behalf of the Developer; (vi) the operations or financial condition of the Developer that would materially adversely affect those operations or the financial condition of the Developer or (vii) the acquisition and the construction of the property and improvements identified in the Limited Offering Memorandum, the costs of which are to be funded or reimburse, in whole or in part, by proceeds of the Series 2021 IA#1-2 Bonds.
- B. As special counsel to Developer, we reviewed the portions of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum under the captions “PLAN OF FINANCE” (except for “– The Series 2021 IA#1-2 Bonds” and “– The Series 2021 MIA Bonds; Additional Obligations”), “THE IMPROVEMENT AREA #1-2 PROJECTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #1-2 Projects, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS – Litigation — The Developer,” “CONTINUING DISCLOSURE – The Developer,” and “– The Developer’s Compliance with Prior Undertakings” with such review being limited to information pertaining to the Developer, the Authorized Improvements and the Development (as defined in the Limited Offering Memorandum) (collectively, the “**Developer Statements**”). We did not participate in the preparation of the documents incorporated by reference in the Limited Offering Memorandum or in the preparation of any other portions of the Limited Offering Memorandum, other than the Developer Statements (provided that we did participate in the preparation of the Service and Assessment Plan and the Financing and Reimbursement Agreement attached as appendices to the Limited Offering Memorandum). We did, however, participate in meetings at which the Developer was present during which the contents of the Preliminary Limited Offering Memorandum and the Limited Offering Memorandum were discussed. The purpose of our professional engagement was not to establish or to confirm factual matters set forth in the Limited Offering Memorandum, and we have not undertaken to verify independently any of such factual matters. Moreover, many of the determinations required to be made in the preparation of the Limited Offering Memorandum involve matters of a non-legal nature. Subject to the foregoing and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that nothing came to our attention that caused us

to believe that the Developer Statements in the Preliminary Limited Offering Memorandum, as of its date, the date of the Bond Purchase Agreement, and the Limited Offering Memorandum, as of its date and the date hereof, contained or contain any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that we do not express any belief with respect to the financial statements or other financial, engineering, statistical or accounting data or information, or any information incorporated by reference or the appendices attached to the Limited Offering Memorandum. The negative assurance provided in this paragraph is furnished by us only to the Underwriter, is solely for the benefit of the Underwriter in its capacity as the Underwriter to assist the Underwriter in establishing defenses under applicable securities laws and may not be used, quoted or relied upon or otherwise referred to for any other purpose or by any other person (including any person purchasing securities from the Underwriter and any other addressees of this letter).

Qualifications

In addition to any assumptions, qualifications and other matters set forth elsewhere herein, the opinions and assurances set forth above are subject to the following assumptions and qualifications:

- a. We have not examined any court dockets, agency files or other public records regarding the entry of any judgments, writs, decrees or orders or the pendency of any actions, proceedings, investigations or litigation.
- b. We have relied upon the Developer Certificates, as well as the representations of the Developer contained in the Documents, with respect to certain facts material to our opinion and in providing any assurances contained herein. Except as otherwise specifically indicated herein, we have made no independent investigation regarding any of the foregoing documents or the representations contained therein.
- c. Except for the Documents, we have not reviewed, and express no opinion as to, any other contracts or agreements to which the Developer is a party or by which the Developer is or may be bound.
- d. The opinions expressed herein are based upon and limited to the applicable laws of the State of Texas, the Delaware general corporation law and the laws of the United States of America, as in effect as of the date hereof, and our knowledge of the facts relevant to such opinions on such date. In this regard, we note that we are members of the Bar of the State of Texas, we do not express any opinion herein as to matters governed by the laws of any other jurisdiction, except the Delaware general corporation law and the United States of America. We do not purport to be experts in any other laws and we can accept no responsibility for the applicability or effect of any such laws. In

addition, we assume no obligation to supplement the opinions expressed herein if any applicable laws change after the date hereof, or if we become aware of any facts or circumstances that affect the opinions expressed herein.

- e. No opinions or statements are implied beyond those expressly stated in this opinion letter. Without limiting the generality of the preceding sentence, unless explicitly addressed in this opinion letter, the opinions and confirmations set forth in this opinion letter do not address any of the following legal issues, and we specifically express no opinion with respect thereto: (a) securities laws (other than B under “Assurances” above), “Blue Sky” laws, and laws relating to commodity (and other) futures and indices and other similar instruments; (b) margin regulations; (c) pension and employee benefit laws and regulations; (d) antitrust and unfair competition laws; (e) laws concerning filing and notice requirements, other than requirements applicable to charter-related documents such as a certificate of merger; (f) compliance with fiduciary duty requirements; (g) the statutes and ordinances, the administrative decisions, and the rules and regulations of counties, towns, municipalities, and special political subdivisions, and judicial decisions to the extent that they deal with any of the foregoing matters in this paragraph; (h) the creation, attachment, perfection, or priority of a lien, or security interest in, or to, collateral, or enforcement of a security interest in collateral comprising personal property; (i) environmental laws; (j) zoning, land use, condominium, cooperative, subdivision, and other development laws; (k) tax laws; (l) patent, copyright and trademark, state trademark, and other intellectual property laws; (m) racketeering laws; (n) health and safety laws; (o) labor laws; (p) laws concerning (i) national and local emergency, (ii) possible judicial deference to acts of sovereign states, and (iii) criminal and civil forfeiture; (q) laws of general application to the extent it provides for criminal prosecution (e.g., mail fraud and wire fraud statutes); (r) bulk transfer laws; (s) laws concerning access by the disabled and building codes; (t) title to any property, the characterization of any property as real property, personal property, or fixtures, or the accuracy or sufficiency of any description of collateral or other property; and (u) usury.
- f. Notwithstanding anything contained herein to the contrary, we express no opinion whatsoever concerning the status of title to any real or personal property nor do we express any opinion with regarding to the sufficiency or accuracy of any legal descriptions contained in the Documents.
- g. The opinions expressed herein regarding the enforceability of the Documents is subject to the qualification that certain of the remedial,

waiver or other provisions thereof may not be enforceable; but such unenforceability will not, in our judgment, render the Documents invalid as a whole or substantially interfere with the practical realization of the principal legal benefits provided in the Documents, except to the extent of any economic consequences of any procedural delays which may result therefrom.

- h. The opinion expressed herein as to the enforceability of the Documents is specifically subject to the qualification that enforceability of the Documents is limited by the following: (i) the rights of the United States under the Federal Tax Lien Act of 1966, as amended; (ii) principles of equity, public policy and unconscionability which may limit the availability of certain remedies; (iii) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, liquidation, probate, conservatorship and other laws applicable to creditors' rights or the collection of debtors' obligations generally; and (iv) requirements of due process under the United States Constitution, the Constitution of the State of Texas and other laws or court decisions limiting the rights of creditors to repossess, foreclose or otherwise realize upon the property of a debtor without appropriate notice or hearing or both.
- i. We express no opinion as to whether a court would grant specific performance or any other equitable remedy with respect to the enforcement of the Documents.
- j. We express no opinion as to the validity, binding effect, or enforceability of: (i) provisions which purport to waive rights or notices, including rights to trial by jury, counterclaims or defenses, jurisdiction or venue; (ii) provisions relating to consent judgments, waivers of defenses or the benefits of statutes of limitations, marshaling of assets, the transferability of any assets which by their nature are nontransferable, sales in inverse order of alienation, or severance; (iii) provisions purporting to waive the benefits of present or of future laws relating to exemptions, appraisal, valuation, stay of execution, redemption, extension of time for payment, setoff and similar debtor protection laws; or (iv) provisions requiring a party to pay fees and expenses regardless of the circumstances giving rise to such fees or expenses or the reasonableness thereof.
- k. The opinions expressed herein are subject to the effect of generally applicable rules of law that provide that forum selection clauses in contracts are not necessarily binding on the court(s) in the forum selected.
- l. We express no opinion as to the enforceability of any provisions in the Documents purporting to entitle a party to indemnification in respect of

any matters arising in whole or in part by reason of any negligent, illegal or wrongful act or omission of such party.

This opinion is furnished to you solely in connection with the transactions, for the purposes and on the terms described above and may not be relied upon by you for any other purpose or by any other person in any manner or for any purpose.

METCALFE WOLFF STUART & WILLIAMS, LLP

By: _____

EXHIBIT A

Organizational Documents and Certificates

[MWSW to provide]

EXHIBIT E

CLOSING CERTIFICATE OF DEVELOPER

Forestar (USA) Real Estate Group, Inc., a Delaware corporation (the “Developer”), DOES HEREBY CERTIFY the following as of the date hereof. All capitalized terms not otherwise defined herein shall have the meaning given to such term in the Limited Offering Memorandum.

1. The Developer is a Delaware corporation validly existing and in good standing under the laws of the State of Delaware, authorized to do business in Texas.

2. Representatives of the Developer have provided information to the City of Manor, Texas (the “City”) and FMSbonds, Inc. (the “Underwriter”) to be used in connection with the offering by the City of its \$[6,005,000] aggregate principal amount of Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”), pursuant to the Preliminary Limited Offering Memorandum, dated February 22, 2021 (the “Preliminary Limited Offering Memorandum”), and Limited Offering Memorandum dated [____], 2021 (the “Limited Offering Memorandum”).

3. The Developer has delivered to the Underwriter and the City true, correct, complete and fully executed copies of the Developer’s organizational documents, and such documents have not been amended or supplemented since delivery to the Underwriter and the City and are in full force and effect as of the date hereof.

4. The Developer has delivered to the Underwriter and the City a (i) Certificate of Status from the Texas Secretary of State and (ii) verification of franchise tax account status from the Texas Comptroller of Public Accounts for the Developer.

5. The Developer has executed and delivered each of the below listed documents (individually, a “Developer Document” and collectively, the “Developer Documents”) in the capacity provided for in each such Developer Document, and each such Developer Document constitutes a valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms:

(a) the Developer Letter of Representations dated May 5, 2021;

(b) the Development Agreement (Manor Heights) effective November 7, 2018, as amended by the First Amendment to the Development Agreement effective November 6, 2019, executed and delivered by the City and Sky Village Kimbro Estates, LLC, a Texas limited liability company (“Sky Village Kimbro”) and RHOF, LLC, a Texas limited liability company (“RHOF,”), as assigned to Forestar (USA) Real Estate Group, Inc., a Delaware corporation (“Forestar” and/or the “Developer”), as subsequently amended by the Second Amendment to the Development Agreement effective October 21, 2020 (as amended, the “Development Agreement”);

(c) the Manor Heights Public Improvement District Financing and Reimbursement Agreement (the “Financing and Reimbursement Agreement”) dated

April 21, 2021, executed and delivered by the City and Developer, and as consented to by RHOFF and Continental Homes of Texas, L.P (“Continental Homes”);

(d) the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2), effective as of March 26, 2021, as amended by the First Amendment to the Manor Heights Public Improvement District Reimbursement Agreement (Improvement Area #1 and Improvement Area #2) on May 5, 2021 (collectively, the “IA #1-2 Reimbursement Agreement”), executed and delivered by the City and Developer;

(e) the Landowner Agreement dated as of May 5, 2021 between the City, Developer, RHOFF and Continental Homes (the “Landowner Agreement”);

(f) the Post-Closing Agreement (the “Post-Closing Agreement”), effective as of April 21, 2021, executed by Continental Homes and Forestar;

(g) the Continuing Disclosure Agreement of Developer with respect to the Series 2021 IA#1-2 Bonds, dated as of May 1, 2021 (the “Continuing Disclosure Agreement of Developer”), executed and delivered by the Developer, P3Works, LLC, as Administrator, and UMB Bank, N.A., as dissemination agent.

6. The Developer has complied in all material respects with all of the Developer’s agreements and covenants and satisfied all conditions required to be complied with or satisfied by the Developer under the Developer Documents on or prior to the date hereof.

7. The representations and warranties of the Developer contained in the Developer Documents are true and correct in all material respects on and as of the date hereof.

8. The execution and delivery of the Developer Documents by the Developer does not violate any judgment, order, writ, injunction or decree binding on the Developer or any indenture, agreement, or other instrument to which the Developer is a party. There are no proceedings pending or threatened in writing before any court or administrative agency against the Developer that is either not covered by insurance or which singularly or collectively would have a material, adverse effect on the ability of the Developer to perform its obligations under the Developer Documents in all material respects or that would reasonably be expected to prevent or prohibit the development of the District in accordance with the description thereof in the Limited Offering Memorandum.

9. The Developer has reviewed and approved the information contained in the Preliminary Limited Offering Memorandum in all of the maps included therein and under the captions and subcaptions “PLAN OF FINANCE” (except for “– The Series 2021 IA#1-2 Bonds” and “– The Series 2021 MIA Bonds; Additional Obligations”), “THE IMPROVEMENT AREA #1-2 PROJECTS,” “THE DEVELOPMENT” and “THE DEVELOPER” and, to the Developer’s knowledge after due inquiry, under the captions “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, the Improvement Area #1-2 Projects, and the Development, as defined in the Limited Offering Memorandum), “LEGAL MATTERS — Litigation – The Developer,” “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” “SOURCES OF INFORMATION — Source of Certain Information,”

“APPENDIX E-2,” “APPENDIX F” and APPENDIX G” (collectively, the “Developer Disclosures”) and certifies that the same does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Preliminary Limited Offering Memorandum and as of the date of the Limited Offering Memorandum; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Preliminary Limited Offering Memorandum.

10. The Developer has reviewed and approved the information contained in the Developer Disclosures in the Limited Offering Memorandum and certifies that the same does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading, as of the date of the Limited Offering Memorandum and as of the date hereof; provided, however, that the foregoing certification is not a certification as to the accuracy, completeness or fairness of any of the other statements contained in the Limited Offering Memorandum.

11. To the Developer’s knowledge, the Developer is in compliance in all material respects with all provisions of applicable law relating to the Developer in connection with the Development. Except as otherwise described in the Limited Offering Memorandum: (a) to the Developer’s knowledge, there is no default of any zoning condition, land use permit or development agreement binding upon the Developer or any portion of the Development that would materially and adversely affect the Developer’s ability to complete or cause to be completed the development of the property within Improvement Area #1 and Improvement Area #2 of the District as described in the Limited Offering Memorandum; and (b) the Developer has no reason to believe that any additional permits, consents and licenses required to complete the development of the property within Improvement Area #1 and Improvement Area #2 of the District as and in the manner described in the Limited Offering Memorandum will not be reasonably obtainable in due course.

12. The Developer is not insolvent and has not made an assignment for the benefit of creditors, filed or consented to a petition in bankruptcy, petitioned or applied (or consented to any third party petition or application) to any tribunal for the appointment of a custodian, receiver or any trustee or commenced any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction.

13. The levy of the Improvement Area #1 Assessments on property in Improvement Area #1 and Improvement Area #2 Assessments on property in Improvement Area #2, respectively, of the District owned by the Developer will not conflict with or constitute a breach of or default under any agreement, mortgage, deed of trust, indenture or other instrument to which the Developer is a party or to which the Developer or any of its property or assets is subject.

14. The Developer is not in default under any mortgage, trust indenture, lease or other instrument to which it or any of its assets is subject, which default would have a material and

adverse effect on the Series 2021 IA#1-2 Bonds or the Developer's ability to perform its obligations under the Developer Documents.

15. The Developer has no knowledge of any physical condition of the Development owned or to be developed by the Developer that currently requires, or currently is reasonably expected to require in the process of development investigation or remediation under any applicable federal, state or local governmental laws or regulations relating to the environment in any material and adverse respect.

Dated: _____, 2021

DEVELOPER

FORESTAR (USA) REAL ESTATE GROUP, INC.,
a Delaware corporation

By: _____
[_____]

APPENDIX F

[LETTERHEAD OF P3WORKS, LLC]

_____, 2021

City of Manor, Texas
 105 E. Eggleston Street
 Manor, Texas 78653

FMSbonds, Inc.
 5 Cowboys Way, Suite 300-25
 Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
 3711 S. MoPac Expy., Building 1, Suite 300
 Austin, Texas 78746

UMB Bank, N.A.
 6034 W. Courtyard Drive, Suite 370
 Austin, Texas 78730

Re: City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”)

Ladies and Gentlemen:

The undersigned, _____, representative of P3Works, LLC (“P3Works”), consultant in connection with the creation by the City of Manor, Texas (the “City”), of Manor Heights Public Improvement District (the “District”), does hereby represent the following:

1. P3Works has supplied certain information contained in the Preliminary Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds, dated February 22, 2021, and the final Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds, dated [_____] (together, the “Limited Offering Memorandum”), relating to the issuance of the Series 2021 IA#1-2 Bonds by the City, as described above. The information P3Works provided for the Limited Offering Memorandum is located (a) under the captions “ASSESSMENT PROCEDURES” and “THE ADMINISTRATOR” and (b) in the Service and Assessment Plan (the “SAP”) for the City located in APPENDIX C to the Limited Offering Memorandum.

2. At the request of the City, P3Works has prepared the SAP and acknowledges and agrees that the SAP will be included in the Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds.

3. To the best of my professional knowledge and belief, the portions of the Limited Offering Memorandum described in paragraph 1 above do not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. P3Works agrees to the inclusion of the SAP in the Limited Offering Memorandum and to the use of its name in the Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds.

4. P3Works agrees that, to the best of its ability, it will inform you immediately should it learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Series 2021 IA#1-2 Bonds (anticipated to occur on or about May 27, 2021) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in any material fact or render any such information materially misleading.

5. The undersigned hereby represents that he or she has been duly authorized to execute this letter of representation.

Sincerely yours,

P3WORKS, LLC

By: _____
Its: _____

APPENDIX G

[LETTERHEAD OF FLATO REALTY ADVISORS, LLC]

_____, 2021

City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Bickerstaff Heath Delgado Acosta LLP
3711 S. MoPac Expy., Building 1, Suite 300
Austin, Texas 78746

UMB Bank, N.A.
6034 W. Courtyard Drive, Suite 370
Austin, Texas 78730

Re: City of Manor, Texas, Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project) (the “Series 2021 IA#1-2 Bonds”)

Ladies and Gentlemen:

The undersigned, _____, representative of Flato Realty Advisors, LLC (“Flato Realty”), the appraiser of the undeveloped property contained in the Manor Heights Public Improvement District (the “District”), does hereby represent the following:

1. Flato Realty has supplied certain information contained in the Preliminary Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds, dated February 22, 2021 and the Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds, dated _____, 2021 (together, the “Limited Offering Memorandum”), relating to the issuance of the Series 2021 IA#1-2 Bonds by the City of Manor, Texas, as described above. The information Flato Realty provided for the Limited Offering Memorandum is the real estate appraisal of the property in the District (the “Appraisal”), located in APPENDIX H to the Limited Offering Memorandum, and the description thereof, set forth under the caption “APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2 — The Appraisal.”

2. To the best of my professional knowledge and belief, as of the date of the Appraisal, the portion of the Limited Offering Memorandum described above does not contain an untrue statement of a material fact as to the information and data set forth therein, and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

3. Flato Realty agrees to the inclusion of the Appraisal in the Limited Offering Memorandum and the use of its name in the Limited Offering Memorandum for the Series 2021 IA#1-2 Bonds.

4. Flato Realty agrees that, to the best of its ability, it will inform you immediately should it learn of any event(s) or information of which you are not aware subsequent to the date of this letter and prior to the actual time of delivery of the Series 2021 IA#1-2 Bonds (anticipated

to occur on or about May 27, 2021) which would render any such information in the Limited Offering Memorandum untrue, incomplete, or incorrect, in a material fact or render any statement in the appraisal materially misleading.

5. The undersigned hereby represents that he or she has been duly authorized to execute this letter of representations.

Sincerely yours,

FLATO REALTY ADVISORS, LLC

By: _____
Its: _____

EXHIBIT C
CONTINUING DISCLOSURE AGREEMENT
OF THE ISSUER

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of May 1, 2021 (this “Disclosure Agreement”) is executed and delivered by and between the City of Manor, Texas (the “Issuer”), P3Works, LLC (the “Administrator”), and UMB Bank, N.A., Austin, Texas (acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2021 (Manor Heights Public Improvement District Improvement Area #1-2 Project)” (the “Series 2021 IA#1-2 Bonds”). The Issuer, the Administrator and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Series 2021 IA#1-2 Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of May 1, 2021, between the Issuer and Trustee relating to the Series 2021 IA#1-2 Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrator” shall mean P3Works, LLC, or an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, identified in any indenture of trust relating to the Series 2021 IA#1-2 Bonds or any other agreement or document approved by the Issuer related to the duties and responsibilities of the administration of the District.

“Annual Collection Costs” shall have the meaning assigned to such term in the Indenture.

“Annual Financial Information” shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 4(a) of this Disclosure Agreement.

“Annual Installment” shall have the meaning assigned to such term in the Indenture.

“Annual Issuer Report” shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Assessment(s)” shall mean, collectively or individually, as applicable, the Improvement Area #1 Assessments and/or the Improvement Area #2 Assessments.

“Business Day” means any day other than a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar (as each term is defined in the Indenture) is located are required or authorized by law or executive order to close.

“Developer” shall mean Forestar (USA) Real Estate Group, Inc., a Delaware corporation, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Series 2021 IA#1-2 Bonds dated as of May 1, 2021 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

“Disclosure Representative” shall mean such officer or employee of the Issuer as the Issuer may designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“District” shall mean Manor Heights Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the calendar year from October 1 through September 30.

“Foreclosure Proceeds” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Assessment(s)” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2 Assessment(s)” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

“Outstanding” shall have the meaning assigned to such term in the Indenture.

“Owner” shall mean the registered owner of any Series 2021 IA#1-2 Bonds.

“Participating Underwriter” shall mean FMSbonds, Inc. and its successors and assigns.

“Prepayment(s)” shall have the meaning assigned to such term in the Indenture.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Service and Assessment Plan” shall have the meaning assigned to such term in the Indenture.

“Trustee” shall mean UMB Bank, N.A., Austin, Texas, a national banking association duly organized and existing under the laws of the United States, acting solely in its capacity as trustee, or any successor trustee pursuant to the Indenture.

Section 3. Provision of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Administrator to compile and prepare the Annual Issuer Report. The Administrator shall provide such Annual Issuer Report to the Issuer and the Dissemination Agent no later than 10 Business Days before the expiration of six months after the end of each Fiscal Year.

(b) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, commencing with the Fiscal Year ending September 30, 2021, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer, if prepared and available, may be submitted separately from the Annual Issuer Report, and later than the date required in this paragraph for the filing of the Annual Issuer Report if audited financial statements are not available by that date; provided further, however, that the Annual Financial Information must be submitted not later than six months after the end of the Issuer’s Fiscal Year. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a). All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(c) The Issuer shall or shall cause the Dissemination Agent to:

(1) determine the filing address or other filing location of the MSRB each year within ten (10) Business Days prior to filing the Annual Issuer Report on the date required in subsection (a);

(2) file the Annual Issuer Report (excluding the audited financial statements of the Issuer, if any, which shall be filed by the Issuer or the Dissemination Agent upon receipt from the Issuer) containing or incorporating by reference the information set forth in Section 4 hereof;

(3) file audited financial statements of the Issuer pursuant to Section 4(b) herein; and

(4) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which report shall include a filing receipt from the MSRB.

Section 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Series 2021 IA#1-2 Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) *Annual Financial Information.* Within six (6) months after the end of each Fiscal Year the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(1) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Series 2021 IA#1-2 Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount and principal amount remaining Outstanding; and

(B) The amounts in the funds and accounts under the Indenture securing the Series 2021 IA#1-2 Bonds and a description of the related investments.

(2) The principal and interest paid on the Series 2021 IA#1-2 Bonds during such Fiscal Year and the minimum scheduled principal and interest required to be paid on the Series 2021 IA#1-2 Bonds in the next Fiscal Year.

(3) Updates to the information in the Service and Assessment Plan as most recently amended or supplemented (a "SAP Update"), including any changes to the methodology for levying the Improvement Area #1 Assessments in Improvement Area #1 and the Improvement Area #2 Assessments in Improvement Area #2, as applicable.

(4) The individual and aggregate taxable assessed valuation for parcels or lots within Improvement Area #1 and Improvement Area #2 of the District, based on the most recent certified tax roll available to the Issuer.

(5) Listing of any property owners in Improvement Area #1 or Improvement Area #2 representing more than five percent (5%) of the levy of Assessments, the amount

of the levy of Assessments against such property owners, and the percentage of such Assessments relative to the entire levy of Assessments within the District, based on the most recent certified tax roll available to the Issuer.

(6) The current or delinquent status of (A) the payment of the Improvement Area #1 Assessments for each parcel or lot in Improvement Area #1 of the District as of March 1 of the calendar year immediately succeeding such Fiscal Year and (B) the payment of the Improvement Area #2 Assessments for each parcel or lot in Improvement Area #2 of the District as of March 1 of the calendar year immediately succeeding such Fiscal Year.

(7) The five-year collection and delinquency history of the Improvement Area #1 Assessments and the Improvement Area #2 Assessments.

(8) For each of the Improvement Area #1 Assessments and the Improvement Area #2 Assessments, the total amount of (A) Annual Installments invoiced, (B) Annual Installments collected (as reported by the County Tax Assessor Collector or the Administrator), (C) delinquent Annual Installments and the length of time of such delinquency, (D) delinquent Assessments collected, (E) Foreclosure Proceeds collected, and (F) Prepayments collected, as of the March 1 of the calendar year immediately succeeding such Fiscal Year, in each case with respect to the most recent billing period (generally, October 1 of the preceding calendar year through January 31 of the current calendar year).

(9) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) Audited Financial Statements. If not provided with the financial information provided under subsection 4(a) above, if prepared and when available, the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If such audited financial statements are not complete within the time period specified in subsection 4(a) above, then the Issuer shall provide unaudited financial statements within such period and shall provide audited financial statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs.

The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, or the Issuer's staff if no Administrator is designated, shall prepare and provide the Annual Financial Information.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final

offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Series 2021 IA#1-2 Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2021 IA#1-2 Bonds, or other material events affecting the tax status of the Series 2021 IA#1-2 Bonds.
- (7) Modifications to rights of Owners, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of bonds, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Issuer.
- (13) The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material.

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

The Issuer does not intend for any sale by the Developer of real property within Improvement Area #1 or Improvement Area #2, as applicable, in the ordinary course of the Developer's business to be considered a significant event for the purposes of number (10) above.

For these purposes, "financial obligation" means (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The Issuer intends the words used in numbers (15) and (16) and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

For these purposes, any event described in the immediately preceding number (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice within ten (10) Business Days of the occurrence of such Listed Event; provided that the Dissemination Agent shall not be liable for the filing of notice of any Listed Event more than ten (10) Business Days after the occurrence of such Listed Event if notice of such Listed Event is received from the Issuer more than ten (10) Business Days after the occurrence of such Listed Event.

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide annual audited financial statements or Annual Financial Information as required under this Disclosure Agreement. The form for submitting such notice is attached hereto as Exhibit A. Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, within three (3) Business Days of obtaining actual knowledge of the occurrence of any Listed Event with respect to the Series 2021 IA#1-2 Bonds, notify the Disclosure Representative in writing of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately following the day on which it receives written instructions from the Issuer. The Issuer acknowledges the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer or any Owner or beneficial owner of any interests in the Series 2021 IA#1-2 Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number (2), (7), (8), (10), (13), (14), or (15) of subsection (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

(d) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall immediately file a notice of such occurrence with the MSRB (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

Section 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2021 IA#1-2 Bonds, when the Issuer is no longer an obligated person with respect to the Series 2021 IA#1-2 Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Series 2021 IA#1-2 Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Series 2021 IA#1-2 Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no

longer an obligated person with respect to the Series 2021 IA#1-2 Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Series 2021 IA#1-2 Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Series 2021 IA#1-2 Bonds under Section 5(a).

Section 7. Dissemination Agent. The Dissemination Agent agrees to perform the duties set forth in this Disclosure Agreement. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with sixty (60) days' notice to the Issuer and the Administrator, provided that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Developer, the Dissemination Agent shall resign under the Disclosure Agreement of Developer simultaneously with its resignation hereunder. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be the Trustee. In addition, pursuant to the Disclosure Agreement of Developer, the Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Developer, and any other party responsible for providing Quarterly Information pursuant to the Disclosure Agreement of Developer, in carrying out their respective obligations under the Disclosure Agreement of Developer, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. In the event the Issuer appoints a new Dissemination Agent under the Disclosure Agreement of Developer, the Issuer shall give written notice of such change to the Administrator and any Party responsible for providing Quarterly Information at least fifteen (15) days prior to the next Quarterly Filing Date. With the exception of the term "Disclosure Agreement of Developer", capitalized terms used in this paragraph shall have the meanings given to such terms in the Disclosure Agreement of Developer.

Section 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any amendment so requested by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2021 IA#1-2 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule

at the time of the delivery of the Series 2021 IA#1-2 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Series 2021 IA#1-2 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Series 2021 IA#1-2 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Series 2021 IA#1-2 Bonds, shall, upon being indemnified to its satisfaction as provided in the Indenture), or any Owner or beneficial owner of the Series 2021 IA#1-2 Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Series 2021 IA#1-2 Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Developer by the Developer, and a default under the Disclosure Agreement of

Developer by the Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator. The Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. To the extent permitted by law, the Issuer agrees to hold harmless the Dissemination Agent, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Improvement Area #1 Assessments collected from the property owners in Improvement Area #1 or Improvement Area #2 Assessments collected from the property owners in Improvement Area #2, as applicable, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Dissemination Agent for losses, expenses or liabilities arising from information provided to the Dissemination Agent by the Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment in full of the Series 2021 IA#1-2 Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. The Dissemination Agent shall not be responsible for the Issuer's failure to submit a complete Annual Report to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

Except as otherwise provided herein, the Administrator shall not have any responsibility for the (1) accuracy of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, or (2) the untimeliness of any information provided by third parties or the Issuer for the disclosures made pursuant to the terms hereof, except where such untimeliness is attributable to the actions or inactions of the Administrator. The Administrator shall have only such duties as are specifically set forth in Sections 3 and 4 of this Disclosure

Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Developer or from Assessments collected from the property owners in the District, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability resulting from information provided to the Administrator by the Issuer, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties or the Developer, or the failure of any third party or the Developer to provide information to the Administrator as and when required under this Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Series 2021 IA#1-2 Bonds.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. NEITHER THE DISSEMINATION AGENT NOR THE ADMINISTRATOR ARE UNDER ANY OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

Section 12. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments.

Section 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, the Administrator, or Dissemination Agent in other than that person's official capacity.

Section 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed,

entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 15. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

Section 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Series 2021 IA#1-2 Bonds and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

Section 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1 and Improvement Area #2 of the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

Section 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

Section 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas.

Section 20. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 22. Anti-Boycott Verification. Pursuant to Section 2271.002, Texas Government Code, the Dissemination Agent and the Administrator hereby verify that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, boycott Israel and, to the extent this Disclosure Agreement is a contract for goods or services, will not boycott Israel during the term of this Disclosure Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Dissemination Agent and the Administrator understand “affiliate” to mean an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

Section 23. Iran, Sudan, and Foreign Terrorist Organizations. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, the Dissemination Agent and the Administrator represent that neither the Dissemination Agent, the Administrator nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.1 53 or Section 2270.020, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
 or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or federal law and excludes the Dissemination Agent, the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Dissemination Agent and the Administrator understand "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator and exists to make a profit.

Section 24. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

[Signature pages follow.]

CITY OF MANOR, TEXAS

By: _____
Dr. Larry Wallace Jr.
Mayor

UMB BANK, N.A.
(solely in its capacity as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: City of Manor, Texas
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2021 (Manor Heights
 Public Improvement District Improvement Area #1-2 Project)
 Date of Delivery: _____, 20__
 CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Manor, Texas, has not provided [an Annual Issuer Report] [annual audited financial statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated as of May 1, 2021, between the Issuer, P3Works, LLC, as Administrator and UMB Bank, N.A., as Dissemination Agent. The Issuer anticipates that [the Annual Issuer Report] [annual audited financial statements] will be filed by _____.

Dated: _____

UMB Bank, N.A.,
 on behalf of the City of Manor, Texas
 (solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Manor, Texas

EXHIBIT B

**CITY OF MANOR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(MANOR HEIGHTS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1-2 PROJECT)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP Numbers: [insert CUSIP Numbers]

DISSEMINATION AGENT

Name: UMB Bank, N.A.,
Address: _____
City: _____, Texas _____
Telephone: () - _____
Contact Person: Attn: ____]

SECTION 4(a)(1)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

SECTION 4(a)(1)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

* Excluding Audited Financial Statements of the Issuer

SECTION 4(a)(2)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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ITEMS REQUIRED BY SECTION 4(a)(3) - (6)

[Insert a line item for each applicable listing]

SECTION 4(a)(7)

Collection and Delinquency History of Improvement Area #1 Assessments

<u>Time</u> <u>Period</u> [FISCAL YEAR END]	<u>Total</u> <u>Improvement</u> <u>Area #1</u> <u>Assessment</u> <u>Levied</u>	<u>Parcels</u> <u>Levied</u> ⁽¹⁾	<u>Delinquent</u> <u>Amount as</u> <u>of 3/1</u>	<u>Delinquent</u> <u>% as of 3/1</u>	<u>Delinquent</u> <u>Amount as</u> <u>of 9/1</u>	<u>Delinquent %</u> <u>as of 9/1</u>	<u>Total</u> <u>Improvement</u> <u>Area #1</u> <u>Assessments</u> <u>Collected</u> ⁽²⁾
	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

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

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

Collection and Delinquency History of Improvement Area #2 Assessments

<u>Time Period</u> [FISCAL YEAR END]	Total Improvement Area #2 Assessment Levied	Parcels Levied ⁽¹⁾	Delinquent Amount as of 2/1	Delinquent % as of 2/1	Delinquent Amount as of 9/1	Delinquent % as of 9/1	Total Improvement Area #2 Assessments Collected ⁽²⁾
	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

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

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(8) - (9)

[Insert a line item for each applicable listing]

EXHIBIT C

**BASIC EXPECTED TIMELINE FOR IMPROVEMENT AREA #1 ASSESSMENTS
AND IMPROVEMENT AREA #2 ASSESSMENTS
COLLECTIONS AND PURSUIT OF DELINQUENCIES**

Date	Delinquency Clock (Days)	Activity
January 31		Assessments are due.
February 1	1	Assessments Delinquent if not received
February 15	15	Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.
		Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payment on March 15. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified.
		Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.
		At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.
		If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.
February 15	15	Issuer and/or Administrator should be aware of actual and specific delinquencies.
March 15		Trustee pays bond interest payments to bondholders.
		Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection

Date	Delinquency Clock (Days)	Activity
		Issuer, or the Trustee on behalf of the Issuer, to notify Dissemination Agent of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or Fund for debt service.
		Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.
		Issuer determines whether or not any Annual Installments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments.
March 31	59/60	Issuer and/or Administrator to notify Dissemination Agent for disclosure to MSRB of all delinquencies in the form of the Annual Issuer Report or otherwise.
		If any property owner with ownership of property responsible for more than \$10,000 of the Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee, to satisfy payment of all delinquent Assessments.
April 15	74/75	Preliminary Foreclosure activity commences, and Issuer to notify Dissemination Agent of the commencement of preliminary foreclosure activity.
		If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.
May 1	89/90	If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders under Section 11.2 of the Indenture, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
May 15	103/104	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those bondholders who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than June 1 (day 120/121).

Date	Delinquency Clock (Days)	Activity
June 1	120/121	Foreclosure action to be filed with the court.
June 15	134/135	Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status. Dissemination Agent notifies bondholders.
July 1	150/151	If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Thomas Bolt, City Manager
DEPARTMENT: Administration

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Resolution finding that Oncor Electric Delivery Company LLC’s application for approval of a distribution cost recovery factor pursuant to Texas Administrative Code 23.243 to increase distribution rates within the city should be denied.

BACKGROUND/SUMMARY:

In order to maintain consistent rates across Oncor’s service territory, Oncor asks that city council deny the Application at which time Oncor will appeal the denial to the Public Utility Commission of Texas (PUCT) and it will be consolidated with Oncor’s proceedings on this matter before the PUCT.

LEGAL REVIEW: Not Applicable
FISCAL IMPACT: No
PRESENTATION: No
ATTACHMENTS: Yes

- Oncor Letter
- Resolution No. 2021-12

STAFF RECOMMENDATION:

It is the City Staff’s recommendation that the City Council approve Resolution No. 2021-12 to deny the Oncor Electric Delivery Company LLC’s application for approval of a distribution cost recovery factor pursuant to Texas Administrative Code 23.243 to increase distribution rates within the city.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**



J. Michael Sherburne
Vice President
Regulatory

April 8, 2021

City of Manor
105 E. Eggleston St.
Manor, TX 78653

To the Honorable Mayor for the City of Manor:

Pursuant to PURA § 36.210 and 16 Tex. Admin. Code § 25.243(c)(1)(B), please find enclosed the Application of Oncor Electric Delivery Company LLC for Approval to Amend its Distribution Cost Recovery Factor ("Application") being filed today with the Public Utility Commission of Texas ("Commission"). This Application is also being filed today with Oncor's other original jurisdiction municipalities and affects all customers served by Oncor. Although addressed to the Commission, the Application (available for download at <https://oncor.egnyte.com/fl/6mWAA9lchS>) should be treated as if addressed directly to your municipality's governing body as the regulatory authority with original jurisdiction over Oncor's rates, operations, and services within your municipality's limits. If you desire a hard copy of the Application, please contact me at the below-listed number or email address.

Oncor is requesting that the governing body of your municipality take action on this Application as expeditiously as possible. If the governing body does not act within 60 days of this filing (June 7, 2021), the Application and rates requested therein will be deemed denied, appealed to and consolidated with Oncor's proceeding before the Commission. Upon the appeal, your municipality would have standing as a party to participate fully in the Commission proceeding.

Please do not hesitate to contact me if you have any questions concerning this filing.

Very truly yours,

A handwritten signature in black ink that reads "J. Michael Sherburne". The signature is written in a cursive, flowing style.

Oncor
1616 Woodall Rodgers Freeway
Dallas, Texas 75202
Tel: 214.486.4981
mike.sherburne@oncor.com

RESOLUTION NO. 2021-12

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANOR, TEXAS FINDING THAT ONCOR ELECTRIC DELIVERY COMPANY LLC'S ('ONCOR" OR" COMPANY") APPLICATION FOR APPROVAL OF A DISTRIBUTION COST RECOVERY FACTOR PURSUANT TO TEX. ADMIN. CODE 23.243 TO INCREASE DISTRIBUTION RATES WITHIN THE CITY SHOULD BE DENIED; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the City of Manor, Texas ("City") is an electric utility customer of Oncor Electric Delivery Company LLC ("Oncor" or "Company"), and a regulatory authority with an interest in the rates and charges of Oncor; and

WHEREAS, on or about April 23, 2021, Oncor filed with the City an Application for Approval of a Distribution Cost Recovery Factor ("DCRF"), PUC Docket No. 51996, seeking to increase electric distribution rates by approximately \$97,826,277; and,

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if it is granted; and,

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

Section 1. That the rates proposed by Oncor to be recovered through its DCRF charged to customers located within the City limits are hereby found to be unreasonable and shall be denied by City.

Section 2. That the Company shall continue to charge its existing rates to customers within the City.

Section 3. That a copy of this Resolution shall be sent to J. Michael Sherburne, 1616 Woodall Rodgers Freeway, Dallas, Texas 75202.

Section 4. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that the public notice of time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED THIS 5th DAY OF MAY 2021.

THE CITY OF MANOR, TEXAS

Dr. Larry Wallace Jr., Mayor

ATTEST:

Lluvia T. Almaraz,
City Secretary



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Scott Dunlop, Assistant Director
DEPARTMENT: Development Services

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Water Tower Lease and License Agreement with Cellco Partnership d/b/a Verizon Wireless.

BACKGROUND/SUMMARY:

Verizon had approached the city seeking a new tower and service location in the proximity of US Hwy 290 and Lexington Street. Staff put forward the unused city water behind Sonic. The property was rezoned to Institutional on Aug. 1st, 2018 in advance of a Conditional Use Permit request. The CUP was granted on Oct. 2, 2019. Since that time Verizon has been negotiating this lease agreement and performing site assessments.

This agreement is for 5 years with four 5-year renewals for a total of 25 years. The initial lease payment is \$9,000 (\$750/month) which increases 2% per year. If the agreement reaches it's maximum term of 25 years the lease payment would be \$14,475.94 (\$1,206.33/month) in the 25th year. The cumulative lease payment for 25 years is \$288,272.70.

LEGAL REVIEW: Completed
FISCAL IMPACT: Yes, annual fee paid to the City
PRESENTATION: No
ATTACHMENTS: Yes

- Lease Agreement

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve a Water Tower Lease and License Agreement with Cellco Partnership d/b/a Verizon Wireless.

PLANNING & ZONING COMMISSION: Recommend Approval Disapproval None

SITE NAME: Manor DT / 448521

WATER TOWER LEASE AND LICENSE AGREEMENT

This Agreement, made this ____ day of _____, 20__ between **City of Manor**, a Texas home rule municipal corporation, with its principal offices located at 105 E. Eggleston Street Manor, TX 78653 (telephone 512-272-5555), hereinafter designated CITY, and **Cellco Partnership d/b/a Verizon Wireless**, with its principal office located at One Verizon Way, Mail Stop 4AW100, Basking Ridge, New Jersey 07920 (telephone number 866-862-4404), hereinafter designated VERIZON. The CITY and VERIZON are at times collectively referred to hereinafter as the "Parties" or individually as the "Party".

WITNESSETH

In consideration of the mutual covenants contained herein and intending to be legally bound hereby, the Parties hereto agree as follows:

1. PREMISES.

a. CITY hereby leases to VERIZON a portion of that certain space ("the Tower Space") on the CITY's water tower, hereinafter referred to as the "Tower", located at 11215 E US Hwy 290, Manor, Travis County, TX 78653, and being more particularly described in that certain Deed recorded in Document No. 2001007275, Real Property Records of Travis County, Texas (the entirety of CITY's property is referred to hereinafter as the "Property"), together with a 12' by 26' parcel of land (the "Land Space"), (the Property being more particularly described in Exhibit "A"), sufficient for the installation of VERIZON's equipment building/pad and related equipment.

b. CITY also grants to VERIZON a license (the "License") for ingress and egress, seven (7) days a week, twenty-four (24) hours a day, on foot or motor vehicle, including trucks, and for the installation and maintenance of utility wires, poles, cables, conduits, and pipes for all necessary electrical, telephone, fiber and other similar support services over, under, or along a right-of-way extending from the nearest public right-of-way, Burnet Street, to the Land Space (the "Ingress/Egress and Utility License"); together with the non-exclusive right for the installation and maintenance of utility wires, poles, cables, conduits, and pipes for all necessary electrical, telephone, fiber and other similar support services over, under, or along a right-of-way extending from a nearby public right-of-way, Murray Avenue, to the Land Space (the "Utility License"); and together with a further license over and through the Property between the Land Space and the Tower Space for the installation and maintenance of utility wires, poles, cables, conduits, and pipes (the "Additional Utility License") (collectively, Ingress/Egress and Utility License, the Utility License, and the Additional Utility License are hereinafter referred to as the "Licensed Property").

The Licensed Property may be used solely for purpose of placing, constructing, operating, repairing, maintaining, rebuilding, replacing, relocating and removing or causing to be placed, constructed, operated, repaired, maintained, rebuilt, replaced, relocated and removed structures, facilities or improvements reasonably necessary and useful solely for the communications facility ("Facility") maintained by VERIZON at the Property pursuant to this Agreement, as well as fiber, telephone, electricity or other similar support services that may be provided by third-party utility service providers and is necessary for provision of the above listed services by VERIZON

("Improvements"), as well as for ingress and egress seven (7) days a week, twenty-four (24) hours a day, on foot or motor vehicle, including trucks, over, and across the property for improvement, installation and maintenance of utility and access to a communications facility LICENSEE is placing on the City's property more fully set out and described in this Agreement and Exhibits thereto.

It is expressly acknowledged and agreed that independent third-party providers of utility services, including but not limited to, fiber, electric and telephone, may utilize the above-referenced Licensed Property solely for the installation of equipment for and connected or attached to VERIZON's Facility or Improvements, and all necessary appurtenances solely to support VERIZON's Facility or Improvements and necessary for the operation of VERIZON's Facility or Improvements without the execution of any further documentation.

The Tower Space, Land Space, and Licensed Property, if any, are substantially described in Exhibit "B," attached hereto and made a part hereof are collectively referred to hereinafter as the "Premises." The licenses granted to VERIZON are non-exclusive, and CITY retains for itself, other lessees, successors and assigns, the right fully to use and enjoy said Licensed Property and any roads or roadways located thereon. Exhibit "B" shall contain a survey and legal description of the Premises; a site plan which sets forth all improvements to be placed on the Property and Land Space, including antennas, any ice bridge, equipment cabinets, utility boxes, fences, walls, any provision for temporary generators, elevation drawings for all the preceding items; fence and wall detail; and specifications for all exterior colors, paint, other finishes and landscaping, as applicable. If VERIZON or its agents or contractors have provided CITY with photo simulations of what the Premises and/or Property will look like upon construction of the antennas, utility wires, poles, cables, conduits, pipes and other improvements, then such photo simulations shall also be attached hereto under Exhibit "A."

VERIZON shall cause all construction on any portion of the Premises to occur lien-free and in compliance with all applicable laws and ordinances. If any lien is filed against any portion of the Premises as a result of acts or omissions of VERIZON or VERIZON's employees, agents or contractors, third party utility service providers or any employees, agents or contractors of such third party utility service providers, VERIZON shall discharge the lien or bond the lien off in a manner reasonably satisfactory to CITY within thirty (30) days after VERIZON receives written notice that the lien has been filed. VERIZON agrees that once commenced, all construction and installation of the Improvements or Facility will be completed in a timely manner without delay and the Improvements or Facility shall be constructed according to plans approved by the CITY. Any material changes in construction shall be approved by the CITY in advance, such approval not to be unreasonably withheld, conditioned, or delayed. Any provision herein to the contrary notwithstanding, VERIZON shall be liable for, and shall indemnify and hold the City harmless from all damages, causes of action, and claims arising out of or in connection with VERIZON's installation, operation, maintenance or removal of the Improvements permitted under this Agreement, except to the extent such claims or damages may be due to or caused by the negligence or willful misconduct of the City, or its employees, contractors or agents.

Prior to allowing installation of any utilities by a third-party provider, VERIZON agrees to

provide the CITY with the names and contact information of the third party entities who will be accessing and/or using the Facility and/or Improvements through this Agreement, and obtain a notice to proceed from the CITY, which shall not be unreasonably withheld, conditioned or delayed. VERIZON further agrees to update the names and contact information within 72 hours of any change in third party entities by providing written notice to the CITY.

CITY does not grant, and reserves for itself, its successors and assigns, (i) all mineral rights, seismic rights and rights to water, rights to oil, gas, other hydrocarbons or minerals on, as to, under or about any portion of the Premises and Property; (ii) rights to generate electricity from the wind or wind power on, as to or about any portion of the Premises and Property; and (iii) the right to grant to others the rights hereby reserved.

CITY hereby grants permission to VERIZON to install, maintain and operate the radio communications equipment, antennas and appurtenances described in Exhibit "C" attached hereto.

2. SURVEY. CITY also granted to VERIZON the right to survey the Property and the Premises, and said survey is attached hereto as part of Exhibit "B" which is made a part hereof.

3. TERM; RENTAL; ELECTRICAL.

(a) This Agreement shall be effective as of the date of execution by both Parties ("Effective Date"). The initial term of the Agreement shall be for five (5) years beginning on the Commencement Date. The "Commencement Date" shall be the first day of the month that VERIZON begins installation of VERIZON's equipment on the Premises. The Parties agree to acknowledge the Commencement Date in writing in the form attached hereto as Exhibit "D."

(b) Rental payments shall begin on the Commencement Date and be due at a total annual rent for the first year of Nine Thousand and No/100 Dollars (\$9,000.00) (the "Rent"), to be paid in equal monthly installments on the first day of the month, in advance, to CITY at 105 E. Eggleston Street, Manor, Texas 78653, or to such other person, firm, or place as CITY may, from time to time, designate in writing at least thirty (30) days in advance of any rental payment date by notice given as provided herein. CITY and VERIZON acknowledge and agree that the initial rental payment may not be delivered by VERIZON until ninety (90) days after the Commencement Date but shall include payment for such ninety (90) days as well as the next month's payment. In the event VERIZON fails to pay rent as required, CITY may notify VERIZON of such failure and if not paid within fifteen (15) days of such notice, VERIZON shall be assessed a five percent (5%) late fee and shall bear interest at two percent (2%) per month or (if less) at the highest rate allowed by law. Any such late fee shall be due and payable by VERIZON within fifteen (15) days of receipt of notice of such late payment. If this Lease is terminated at a time other than on the last day before the anniversary date, then except as provided below, Rent shall be prorated as of the date of termination for any reason (other than a default by VERIZON) and all prepaid Rent shall be immediately refunded to VERIZON. Upon agreement of the Parties, VERIZON may pay rent by electronic funds transfer and in such event, CITY agrees to provide to VERIZON bank routing information for such purpose upon request of VERIZON.

For any party to whom rental payments are to be made, CITY or any successor in interest of CITY hereby agrees to provide to VERIZON within thirty (30) days after VERIZON requests the documentation from CITY (i) a completed, current version of Internal Revenue Service Form W-9, or equivalent; (ii) complete and fully execute state and local withholding forms, if required; and (iii) other documentation to verify CITY's or such other party's right to receive rental as is reasonably requested by VERIZON (collectively, "Rental Documentation"). Rental payments shall accrue in accordance with this Agreement, but VERIZON may not deliver rental payments for up to sixty (60) days after the initially requested Rental Documentation has been received by VERIZON. VERIZON acknowledges that once Rental Documentation is provided in a satisfactory manner, it shall be obligated to pay in full any withheld rental payments and current rental payments that may be due. If VERIZON, after receiving all requested documentation, withholds delivery of rental payments to CITY beyond the sixty (60) days contemplated herein, VERIZON shall be subject to a late fees as contemplated above.

(c) CITY shall, at all times during the Term, provide electrical service and telephone service access within the Premises. VERIZON shall have the right to install, or engage a third-party to install in the general areas approved by CITY, wires, cables, conduits and pipes for all necessary electrical, telephone, fiber and other similar support services serving the Premises and to improve the present utilities on the Property, all at VERIZON's expense. CITY agrees to use reasonable efforts in assisting VERIZON to acquire necessary services. VERIZON shall install separate meters for utilities on the Premises or Property to be solely used by VERIZON. VERIZON shall be solely responsible and pay when due all charges for utilities serving the Premises during the Term of the Agreement. VERIZON shall be permitted at any time during the Term, to install, maintain and/or provide access to and use of, as necessary (during any power interruption at the Premises), a temporary power source, and all related equipment and appurtenances within the Premises, or elsewhere on the Property in such locations as reasonably approved by CITY. VERIZON shall have the right to install conduits connecting the temporary power source and related appurtenances to the Premises.

4. EXTENSIONS. This Agreement shall automatically be extended for four (4) additional 5-year terms unless VERIZON terminates it at the end of the then current term by giving the other Party written notice of the intent to terminate at least three (3) months prior to the end of the then current term. The initial term and all extensions shall be collectively referred to herein as the "Term."

5. RENTAL INCREASE. The annual rent shall be increased by an amount equal to two percent (2%) of the Rent in effect during the previous year on the first day of each anniversary date of the Commencement Date.

6. [Intentionally Deleted].

7. TAXES.

(a) CITY shall invoice and VERIZON shall pay any applicable transaction tax (including sales, use, gross receipts, or excise tax) imposed on VERIZON and required to be collected by the CITY based on any service, rental space, or equipment provided by the CITY to VERIZON. VERIZON shall pay all personal property taxes, fees, assessments, or other taxes and charges imposed by any government entity that are imposed on VERIZON and required to be paid by VERIZON that are directly attributable to VERIZON's equipment or VERIZON's use and occupancy of the Premises. Payment shall be made by VERIZON within sixty (60) days after presentation of a receipted bill and/or assessment notice which is the basis for such taxes or charges and shall ensure that payment is made prior to the imposition of any lien on the Property.

(b) VERIZON shall have the right, at its sole option and at its sole cost and expense, to appeal, challenge or seek modification of any tax assessment or billing for which VERIZON is wholly or partly responsible for payment. CITY shall reasonably cooperate with VERIZON at VERIZON's expense in filing, prosecuting and perfecting any appeal or challenge to taxes as set forth in the preceding sentence, including but not limited to, executing any consent, appeal or other similar document. In the event that as a result of any appeal or challenge by VERIZON, there is a reduction, credit or repayment received by the CITY for any taxes previously paid by VERIZON, CITY agrees to promptly reimburse to VERIZON the amount of said reduction, credit or repayment. In the event that VERIZON does not have the standing rights to pursue a good faith and reasonable dispute of any taxes under this paragraph, CITY will pursue such dispute at VERIZON's sole cost and expense upon written request of VERIZON.

8. USE; GOVERNMENTAL APPROVALS. VERIZON shall use the Premises for the purpose of constructing, maintaining, repairing and operating a communications facility and uses incidental thereto. All improvements, equipment, antennas and conduits shall be at VERIZON's expense and their installation shall be in strict compliance with this Agreement and the exhibits attached hereto as approved by the CITY, such approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, VERIZON shall have the right to replace, repair, add or otherwise modify its utilities, equipment, antennas and/or conduits or any portion thereof and the frequencies over which the equipment operates, during the Term without the prior written approval of CITY, provided that the replacement utilities, equipment, antennas and/or conduits or any portion thereof, or related improvements are not greater in number or size than those existing and there is no change in their location on the Premises. For all other modifications, VERIZON shall submit to CITY, a detailed proposal for any such replacement or additional utilities, equipment, antennas, conduits, or related improvements and any supplemental materials as may be requested for CITY's evaluation and written approval. CITY agrees that such approval will not be unreasonably withheld, conditioned or delayed. A current and accurate site plan must be submitted to CITY by VERIZON and maintained on file with CITY for the entire term of this Agreement and all renewals thereof. It is understood and agreed that VERIZON's ability to use the Premises is contingent upon its obtaining after the Effective Date of this Agreement all of the certificates, permits and other approvals (collectively the "Governmental Approvals") that may be required by any Federal, State or Local authorities as well as satisfactory soil boring tests and structural analysis which will permit VERIZON's use of the Premises as set forth above. CITY shall cooperate with VERIZON in its effort to obtain such approvals and shall

take no action which would adversely affect the status of the Property with respect to the proposed use thereof by VERIZON. In the event that (i) any of such applications for such Governmental Approvals should be finally rejected; (ii) any Governmental Approval issued to VERIZON is canceled, expires, lapses, or is otherwise withdrawn or terminated by governmental authority; (iii) VERIZON determines that such Governmental Approvals may not be obtained in a timely manner; (iv) VERIZON determines that any soil boring tests or structural analysis is unsatisfactory; (v) VERIZON determines that the Premises is no longer technically or structurally compatible for its use; (vi) VERIZON, in its sole discretion, determines that the use the Premises is obsolete or unnecessary; or (vii) at any time before the Commencement Date for any reason or no reason in VERIZON's sole discretion, VERIZON shall have the right to terminate this Agreement. Notice of VERIZON's exercise of its right to terminate shall be given to CITY in writing by certified mail, return receipt requested, and shall be effective upon the mailing of such notice by VERIZON, or upon such later date as designated by VERIZON. All rentals paid to said termination date shall be retained by CITY. Upon such termination, this Agreement shall be of no further force or effect except to the extent of the representations, warranties and indemnities made by each Party to the other hereunder. Otherwise, VERIZON shall have no further obligations for the payment of Rent to CITY.

9. INDEMNIFICATION. To the extent authorized by law, and subject to Paragraph 10 below, each Party and/or any successor and/or assignees thereof, shall indemnify and hold harmless the other Party, and/or any successors and/or assignees thereof, against any and all claims of liability or loss from personal injury or property damage resulting from or arising out of the negligence or willful misconduct of the indemnifying Party, its employees, contractors or agents, except to the extent such claims or damages may be due to or caused by the negligence or willful misconduct of the other Party, or its employees, contractors or agents. Notwithstanding the foregoing, VERIZON shall reimburse the CITY for all actual and reasonable costs of replacing or repairing any property of the CITY or of others which was damaged or destroyed as a result of activities under this Agreement by, or on behalf of, VERIZON, except to the extent such claims or damages may be due to or caused by the sole negligence or willful misconduct of the City, or its employees, contractors, agents, or licensees. All indemnification obligations shall survive the termination or expiration of this Agreement.

10. INSURANCE. VERIZON shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension or renewal thereof, at VERIZON's sole expense, liability insurance and workers' compensation insurance, and a certificate of insurance shall be submitted to and reasonably approved by CITY upon the commencement of this Agreement. VERIZON shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of this Agreement by VERIZON, or VERIZON's employees or subcontractors.

A. Scope of Insurance

Coverage shall be at least as broad as:

1. Commercial General Liability.
2. Commercial Automobile liability covering all owned, hired and non-owned vehicles.
3. Workers' Compensation insurance as required by the Labor Code of the State of Texas, including Employers' Liability Insurance.

B. Limits of Insurance

VERIZON shall maintain limits as follows:

1. Commercial General Liability: \$5,000,000 per occurrence for bodily injury (including death) and property damage and \$5,000,000 general aggregate including (a) Premises-Operations; (b) Broad Form Contractual Liability; (c) Products and Completed Operations; (d) Independent Contractors; (e) Personal and advertising Injury; (f) Explosion Collapse and Underground (XCU) Coverage, Fire Damage Legal Liability, and Medical Expense.
2. Commercial Automobile liability: \$1,000,000 combined single limit per accident, for bodily injury and property damage.
3. Workers' Compensation and Employer's Liability: Workers' Compensation limits as required by the Labor Code of the State of Texas and Employer's Liability with limits of \$1,000,000 each accident/disease/policy limit.
4. Excess/umbrella liability insurance with a limit of \$5,000,000 per occurrence and aggregate providing coverage above the primary commercial general liability, commercial automobile liability and employer's liability insurance required herein

C. Other Insurance Provisions

The policies shall contain the following provisions:

1. General Liability and Automobile Liability Coverage
 - (a) The CITY, its officers, officials, employees, Boards and Commissions and volunteers are to be included as "Additional Insureds" as their interest may appear under this Agreement as respects liability arising out of activities performed by VERIZON. The coverage shall contain no special limitations on the scope of protection afforded to the CITY, its officers, officials, employees or volunteers.
 - (b) VERIZON's insurance coverage shall be primary insurance as respects the CITY, its officers, officials, employees and volunteers. Any insurance or

self-insurance maintained by the CITY, its officials, employees or volunteers shall be excess of VERIZON's insurance and shall not contribute with it.

- (c) Any failure to comply with reporting provision of the policy shall not affect coverage provided to the CITY, its officers, officials, employees, Boards and Commissions or volunteers.
- (d) VERIZON's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insured's liability.

2. Workers' Compensation and Employer's Liability Coverage

The insurer shall agree to waive all rights of subrogation against the CITY.

3. All Coverages

Upon receipt of notice from its insurer(s) VERIZON shall use commercially reasonable efforts to provide CITY with thirty (30) days prior written notice of cancellation.

E. Acceptability of Insurers

Insurance will be placed with insurers with an A.M. Best's rating of no less than A-:VI.

F. Verification of Coverage

VERIZON shall furnish the CITY with certificates of insurance effecting coverage required. The certificates for each insurance policy are to be signed by an authorized representative of VERIZON's insurers. The certificates are to be on ACCORD forms or equivalent and are to be received and reasonably approved by the CITY before work commences.

G. Contractors

In the event VERIZON uses third-party utility service contractors or subcontractors to provide services or to perform work upon the Premises, VERIZON shall require such contractors or subcontractors to obtain and maintain substantially the same coverage as required of VERIZON and provide separate certificates of insurance as is required by CITY to evidence that each such third party obtains and maintains insurance coverage.

11. LIMITATION OF LIABILITY. Except for indemnification pursuant to paragraphs 9 and 31, or a violation of law, neither Party shall be liable to the other, or any of their respective agents, representatives, or employees for any lost revenue, lost profits, diminution in

value of business, loss of technology, rights or services, loss of data, or interruption or loss of use of service, incidental, punitive, indirect, special, trebled, enhanced or consequential damages, even if advised of the possibility of such damages, whether such damages are claimed for breach of contract, tort (including negligence), strict liability or otherwise, unless applicable law forbids a waiver of such damages.

12. ANNUAL TERMINATION. Notwithstanding anything to the contrary contained herein, provided VERIZON is not in default hereunder beyond applicable notice and cure periods, VERIZON shall have the right to terminate this Agreement upon the annual anniversary of the Commencement Date provided that three (3) months prior notice is given to CITY.

13. ACCESS TO TOWER;CONSTRUCTION. (a) CITY agrees VERIZON shall have free access to the Tower at all times for the purpose of installing and maintaining the said equipment. CITY shall furnish VERIZON with necessary means of access for the purpose of ingress and egress to this site and Tower location. It is agreed, however, that only authorized engineers, employees or properly authorized contractors of VERIZON or persons under their direct supervision will be permitted to enter the Property and Premises. CITY and its agents shall have the right to examine the Property and to enter the Premises at reasonable times to examine and inspect the Premises and any of VERIZON's Improvements thereon, provided that (i) VERIZON has prior written notice of such access; and (ii) VERIZON has opportunity to accompany CITY during any such access. This Agreement does not restrict or prevent CITY from leasing other portions of the Property to other providers of the same or similar services, such as for their antennas or communications facilities.

(b) After any construction or installation of equipment by VERIZON at the Property, VERIZON shall restore the portions of the Licensed Property surrounding the Improvements or Facility to substantially the same condition that existed prior to the construction and installation of the Improvements. VERIZON shall require each contractor and subcontractor, employee, agent or assign (together with VERIZON, the "VERIZON Parties") constructing, installing, modifying, repairing, or maintaining the Improvements to safeguard and protect the public on or using the property adjacent to where the work is being performed, from accidents, injury or damage, by placing barriers, lights and other sufficient safeguards to minimize hazards to persons during construction of the Improvements.

14. TOWER COMPLIANCE. CITY covenants that it will keep the Tower in good repair as required by all Laws (as defined herein below). The CITY shall also comply with all rules and regulations enforced by the Federal Communications Commission with regard to the lighting, marking and painting of towers. Notwithstanding the foregoing, VERIZON agrees to construct the site and its equipment in compliance with all Applicable Laws, including complying with all lighting, marking, painting, or some other compliance regulations required on the Premises as a result of this Agreement.

No materials may be used in the installation of the antennas or transmission lines that will cause corrosion or rust or deterioration of the Tower structure or its appurtenances. VERIZON shall,

at its own expense, maintain the Premises and all improvements, equipment and other personal property on the Property in good working order, condition and repair. VERIZON shall keep the Premises free of debris and anything of a dangerous, noxious or offensive nature or which would create a hazard or source of undue vibration, heat, noise or interference. VERIZON shall install and maintain its equipment, antennas and other improvements in a manner which does not reduce the useful life (or increase the maintenance or repair cost) of the Premises or any portion of it.

All antenna(s) on the Tower must be identified by a marking fastened securely to its bracket on the Tower and all transmission lines are to be tagged at the conduit opening where it enters any user's equipment space.

Not later than fifteen (15) days following the execution of this Agreement, CITY shall supply to VERIZON copies of all structural analysis reports that have been done with respect to the Tower and throughout the Term, CITY shall supply to VERIZON copies of all structural analysis reports that are done with respect to the Tower promptly after the completion of the same.

Upon request of the CITY, VERIZON agrees to relocate its equipment on a temporary basis to another location on the Property, hereinafter referred to as the "Temporary Relocation," for the purpose of CITY performing maintenance, repair or similar work at the Property or on the Tower provided:

- a. The Temporary Relocation is similar to VERIZON's existing location in size and is fully compatible for VERIZON's use, in VERIZON's reasonable determination;
- b. CITY gives VERIZON at least ninety (90) days written notice prior to requiring VERIZON to relocate;
- c. VERIZON's use at the Premises is not interrupted or diminished during the relocation and VERIZON is allowed, if necessary, in VERIZON's reasonable determination, to place a temporary installation on the Property during any such relocation;
- d. Upon the completion of any maintenance, repair or similar work by CITY, VERIZON is permitted to return to its original location from the temporary location; and
- e. All costs associated with any Temporary Relocation shall be borne by VERIZON.

15. INTERFERENCE.

(a) VERIZON agrees that VERIZON will install equipment of the type and frequency which will not cause interference that is measurable in accordance with then existing industry standards to (i) any of CITY's equipment, or (ii) any equipment of other VERIZONs of the Property which existed on the Property prior to the date this Agreement is executed by the Parties. In the event any of VERIZON's equipment causes such interference, and after CITY has

notified VERIZON in writing of such interference, VERIZON will take all commercially reasonable steps necessary to correct and eliminate the interference, including but not limited to, at VERIZON's option, powering down such equipment and later powering up such equipment for intermittent testing. CITY may, at its expense, perform tests as necessary to determine compliance of VERIZON's equipment on the Property with Federal radio frequency exposure limit rules, currently set forth at 47 C.F.R. Section 1.1310, or subsequent Federal rules as from time to time in effect. If required for the operation, use, maintenance, repair or replacement of the Tower, VERIZON shall, upon prior written notice, work in good faith with CITY to coordinate temporary shut down of its equipment that is reasonably limited in time, scope, duration and to practical time of the day. After notice and consultation, VERIZON will generally agree to temporarily cease or modify its operations on the Property as mutually agreed upon with CITY, in order to protect the health, safety and welfare of workers or other persons on the Property. In particular, VERIZON shall work with CITY in good faith to coordinate temporary shut down of VERIZON's equipment and antennas whenever CITY or its contractors, employees or agents will be working on or near the Tower, VERIZON is given proper notice, and the Parties address all needs and concerns. Both CITY and VERIZON shall be allowed to conduct radio frequency emission and interference studies from time to time to determine whether VERIZON's use of the Premises, equipment, antennas and related improvements is causing such harmful interference. VERIZON shall have ninety (90) days to remedy any applicable harmful interference caused by VERIZON in violation of this Agreement to CITY's reasonable satisfaction. If the problem is not so remedied in ninety (90) days, then CITY may require VERIZON, at VERIZON's full expense, to relocate VERIZON's equipment, antennas and related improvements so as to remove or minimize the interference, to the extent CITY deems necessary. CITY shall permit VERIZON to place a temporary antenna facility (Cell on Wheels or similar installation) on CITY's Property or at some other location acceptable to VERIZON and CITY, during such relocation. CITY agrees that CITY and/or any other tenants of the Property who currently have or in the future take possession of the Property will be permitted to install only such equipment that is of the type and frequency which will not cause interference that is measurable in accordance with then existing industry standards to the then existing equipment of VERIZON.

(b) Without limiting any other rights or remedies, if interference occurs and continues for a period in excess of 48 hours following notice to the interfering party via telephone to VERIZON'S Network Operations Center (at (800) 621-2622) or to CITY at (512-272-5555), the interfering party shall or shall require any other user to reduce power or cease operations of the interfering equipment until the interference is cured.

(c) The Parties acknowledge that continuing interference may cause irreparable injury and, therefore, the injured Party shall have the right, in addition to any other rights that it may have at law or in equity, to bring a court action to enjoin such interference or specific performance.

16. REMOVAL AT END OF TERM. VERIZON shall, upon expiration of the Term, or within ninety (90) days after any earlier termination of the Agreement, remove its building(s), antenna(s), equipment, conduits, fixtures and all personal property and restore the Premises to its

original condition, reasonable wear and tear and casualty damage excepted. Removal shall include VERIZON removing footings, foundations and concrete on the equipment enclosure portion of the Premises to a depth of two feet below grade. CITY agrees and acknowledges that all of the equipment, conduits, fixtures and personal property of VERIZON shall remain the personal property of VERIZON and VERIZON shall have the right to remove the same at any time during the Term, whether or not said items are considered fixtures and attachments to real property under applicable Laws. Upon mutual, written agreement between the Parties that VERIZON not remove all or a portion of the improvements, title to the affected improvements shall thereupon transfer to CITY, and thereafter the improvements shall be the sole and entire property of CITY, and VERIZON shall be relieved of its duty to otherwise remove same. If such time for removal causes VERIZON to remain on the Premises after termination of this Agreement, VERIZON shall pay rent at the then existing monthly rate or on the existing monthly pro-rata basis if based upon a longer payment term, until such time as the removal of the building, antenna structure, fixtures and all personal property are completed.

17. HOLDOVER. VERIZON has no right to retain possession of the Premises or any part thereof beyond the expiration of that removal period set forth herein, unless the Parties are negotiating a new lease or lease extension in good faith. In the event that the Parties are not in the process of negotiating a new lease or lease extension in good faith, VERIZON holds over in violation of this Agreement, then the rent then in effect payable from and after the time of the expiration or earlier removal period set forth in herein shall be equal to 150% of the rent applicable during the month immediately preceding such expiration or earlier termination.

18. CITY'S RIGHTS TO LICENSED PROPERTY. The License granted to VERIZON to use the Licensed Property is expressly subject and subordinate to the existing uses of the CITY, its successors, assigns, lessees, grantees, and licensees, to construct, install, establish, maintain, use, operate, and renew any existing public utilities facilities, franchised public utilities, rights-of-way, roadways, or streets on, beneath, or above the surface of the Licensed Property (collectively "Existing Uses").

Said Existing Uses of the Licensed Property by the CITY are permitted even though such use may substantially interfere with VERIZON's use of the Licensed Property, or the Improvements. In the event Existing Uses materially interferes with VERIZON's use of the Licensed Property, CITY shall, upon request, grant a replacement license to VERIZON in a mutually agreed upon location on the Property to allow for VERIZON's continued operation at the Property.

In case of a declared Emergency (as defined below), CITY may take action at the Licensed Property to address such Emergency and any resulting damage to or destruction of VERIZON's Improvements installed in the Licensed Property pursuant to this Agreement shall be at no charge, cost, claim, or liability to the CITY, its agents, contractors, officers, or employees. Although subject to the above, CITY shall attempt to use the Licensed Property in a manner that does not unreasonably interfere with or prevent VERIZON's use of the Licensed Property. The term "Emergency" shall mean a situation where there is an immediate or imminent threat of harm to

persons or property or there is an equipment malfunction or failure causing an interruption in water service thereby requiring immediate attention and access to the Licensed Property by CITY.

Notwithstanding any provisions in this Agreement to the contrary, the CITY retains the right to enter upon the Licensed Property, at any time and without notice.

Upon request of the CITY, VERIZON agrees to relocate any or all Improvements located in the Licensed Property and/or the any portion or all of the License, to another location on the Property, hereinafter referred to as the "License Relocation Area," in the event CITY determines, in its reasonable discretion, the use of or Improvements in the Licensed Property: (a) unreasonably interferes with CITY's existing use of the Property; or (b) constitutes a danger to the public, in any such case, provided that:

- a. The License Relocation Area is similar to VERIZON's existing location in size and is fully compatible for VERIZON's use, in VERIZON's reasonable determination;
- b. CITY gives VERIZON at least ninety (90) days written notice prior to requiring VERIZON to relocate;
- c. VERIZON's use at the Property is not interrupted or diminished during the relocation and VERIZON is allowed, if necessary, in VERIZON's reasonable determination, to place a temporary installation on the Property during any such relocation; and
- d. All costs associated with any relocation shall be borne by VERIZON unless relocation occurs at CITY's request more than one (1) time in any five (5) year period, in which case actual and reasonable costs incurred by VERIZON for such additional relocation(s) shall be split equally between the Parties. By way of illustration of the preceding sentence, if VERIZON relocates Improvements and/or the Licensed Property at CITY's request on December 1, 2022, then VERIZON's costs for any subsequent relocation at CITY's request that occurs prior to December 1, 2027 shall be split equally between the Parties, but regardless of any additional relocations that occur prior to December 1, 2027, VERIZON would be solely responsible for the costs associated with the first relocation request by CITY, if any, that occurs on or after December 1, 2027.

For sake of clarity and avoidance of doubt, the in the event VERIZON fails to take action to relocate Improvements and/or any Licensed Property (or portion thereof) in line with this Section 18, CITY may deem such failure to act an Emergency, and proceed with work at, in or around the Licensed Property, including removal of VERIZON's Improvements, and, in such an event, any resulting damage to or destruction of VERIZON's Improvements installed in the Licensed Property pursuant to this Agreement shall be at no charge, cost, claim, or liability to the CITY, its agents, contractors, officers, or employees.

19. RIGHTS UPON SALE. Should CITY, at any time during the Term decide (i) to sell or transfer all or any part of the Property or the Tower thereon to a purchaser other than VERIZON, or (ii) to grant to a third party by license or other legal instrument an interest in and to that portion of the Tower and or Property occupied by VERIZON, or a larger portion thereof, for the purpose of operating and maintaining communications facilities or the management thereof, such sale or grant of a license or interest therein shall be under and subject to this Agreement and any such purchaser or transferee shall recognize VERIZON's rights hereunder under the terms of this Agreement. To the extent that CITY grants to a third party by license or other legal instrument an interest in and to that portion of the Tower and/or Property occupied by VERIZON for the purpose of operating and maintaining communications facilities or the management thereof and in conjunction therewith, assigns this Agreement to said third party, CITY shall not be released from its obligations to VERIZON under this Agreement, and VERIZON shall have the right to look to CITY and the third party for the full performance of this Agreement.

20. QUIET ENJOYMENT. CITY covenants that VERIZON, on paying the Rent and performing the covenants herein, shall peaceably and quietly have, hold and enjoy the Premises.

21. TITLE. CITY represents and warrants to VERIZON as of the execution date of this Agreement, and covenants during the Term that CITY is seized of good and sufficient title and interest to the Property and has full authority to enter into and execute this Agreement. CITY further covenants during the Term that there are no liens, judgments or impediments of title on the Property, or affecting CITY's title to the same and that there are no covenants, easements or restrictions which prevent or adversely affect the use or occupancy of the Premises by VERIZON as set forth above.

22. INTEGRATION. It is agreed and understood that this Agreement contains all agreements, promises and understandings between CITY and VERIZON and that no verbal or oral agreements, promises or understandings shall be binding upon either CITY or VERIZON in any dispute, controversy or proceeding at law, and any addition, variation or modification to this Agreement shall be void and ineffective unless made in writing signed by the Parties or in a written acknowledgment in the case provided in Paragraph 3. In the event any provision of the Agreement is found to be invalid or unenforceable, such finding shall not affect the validity and enforceability of the remaining provisions of this Agreement. The failure of either Party to insist upon strict performance of any of the terms or conditions of this Agreement or to exercise any of its rights under the Agreement shall not waive such rights and such Party shall have the right to enforce such rights at any time and take such action as may be lawful and authorized under this Agreement, in law or in equity.

23. GOVERNING LAW. This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the Laws of the State in which the Property is located. Venue for any suits arising from this Agreement shall lie exclusively in any federal or state court having jurisdiction over Travis County, Texas.

24. ASSIGNMENT. This Agreement may be sold, assigned or transferred by VERIZON without approval or consent of the CITY to VERIZON's principal, affiliates, subsidiaries of its principal or to any entity which acquires all or substantially all of VERIZON's assets in the market defined by the Federal Communications Commission in which the Property is located by reason of a merger, acquisition or other business reorganization. As to other parties, this Agreement may not be sold, assigned or transferred without the written consent of the CITY, which such consent will not be unreasonably withheld, delayed or conditioned. No change of stock ownership, partnership interest or control of VERIZON or transfer upon partnership or corporate dissolution of VERIZON shall constitute an assignment hereunder.

Any person or entity to which this Agreement is assigned pursuant to the provisions of the Bankruptcy Code, 11 USC Sections 101, et seq., shall be deemed without further act to have assumed all of the obligations of VERIZON arising under this Agreement both before and after the date of such assignment. Any such assignee shall upon demand execute and deliver to CITY an instrument confirming such assumption.

25. NOTICES. All notices hereunder must be in writing and shall be deemed validly given if sent by certified mail, return receipt requested or by commercial courier, provided the courier's regular business is delivery service and provided further that it guarantees delivery to the addressee by the end of the next business day following the courier's receipt from the sender, addressed as follows (or any other address that the Party to be notified may have designated to the sender by like notice):

CITY: **City of Manor**
 105 E. Eggleston Street
 Manor, Texas 78653
 Attention: City Manager

VERIZON: **Cellco Partnership d/b/a Verizon Wireless**
 180 Washington Valley Road
 Bedminster, New Jersey 07921
 Attention: Network Real Estate

Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

26. SUCCESSORS. This Agreement shall extend to and bind the heirs, personal representative, successors and assigns of the Parties hereto.

27. [Intentionally Deleted].

28. RECORDING. CITY agrees to execute a Memorandum of this Agreement which VERIZON may record with the appropriate recording officer. The date set forth in the

Memorandum of this Agreement is for recording purposes only and bears no reference to commencement of either the Term or Rent payments.

29. DEFAULT.

(a) In the event there is a breach by VERIZON with respect to any of the provisions of this Agreement or its obligations under it, including the payment of rent, CITY shall give VERIZON written notice of such breach. After receipt of such written notice, VERIZON shall have fifteen (15) days in which to cure any monetary breach and thirty (30) days in which to cure any non-monetary breach, provided VERIZON may request to have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and VERIZON commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion such extension to cure to completion shall not exceed six (6) months. If VERIZON determines that the cure to completion will exceed six (6) months, VERIZON shall request a ninety (90) day extension period from CITY and CITY shall have the discretion to grant or not grant the extension period requested. CITY may not maintain any action or effect any remedies for default against VERIZON unless and until VERIZON has failed to cure the breach within the time periods provided in this paragraph.

(b) In the event there is a breach by CITY with respect to any of the provisions of this Agreement or its obligations under it, VERIZON shall give CITY written notice of such breach. After receipt of such written notice, CITY shall have thirty (30) days in which to cure any such breach, provided CITY may request to have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and CITY commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion. VERIZON may not maintain any action or effect any remedies for default against CITY unless and until CITY has failed to cure the breach within the time periods provided in this paragraph. Notwithstanding the foregoing to the contrary, it shall be a default under this Agreement if CITY fails, within twenty (20) days after receipt of written notice of such breach, to perform an obligation required to be performed by CITY if the failure to perform such an obligation interferes with VERIZON's ability to conduct its business on the Property; provided, however, that if the nature of CITY's obligation is such that more than twenty (20) days after such notice is reasonably required for its performance, then it shall not be a default under this Agreement if performance is commenced within such twenty (20) day period or CITY provides VERIZON a date by which CITY will commence performance and thereafter diligently pursued to completion.

30. REMEDIES. Upon a default, the non-defaulting Party may at its option (but without obligation to do so), perform the defaulting Party's duty or obligation on the defaulting Party's behalf, including but not limited to the obtaining of reasonably required insurance policies. The costs and expenses of any such performance by the non-defaulting Party shall be due and payable by the defaulting Party upon invoice therefor. In the event of a default by either Party with respect to a material provision of this Agreement, without limiting the non-defaulting Party

in the exercise of any right or remedy which the non-defaulting Party may have by reason of such default, the non-defaulting Party may terminate the Agreement and/or pursue any remedy now or hereafter available to the non-defaulting Party under the Laws or judicial decisions of the state in which the Premises are located.

31. ENVIRONMENTAL.

(a) VERIZON shall conduct its business in compliance with all applicable laws governing the protection of the environment or employee health and safety ("EH&S Laws"). VERIZON, its officers, agents, affiliates, contractors and subcontractors and employees, shall not introduce or use any Hazardous Substance on any portion of the Premises in violation of any EH&S Law. "Hazardous Substance" means any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, hazardous or toxic or radioactive substance, or other similar term pursuant to any federal, state or local environmental law, regulation or rule presently in effect or promulgated in the future, as such laws, regulations or rules may be amended from time to time; and it shall be interpreted to include, but not be limited to, any substance which after release into the environment will or may reasonably be anticipated to cause sickness, death or disease. VERIZON shall indemnify and hold harmless the CITY from claims to the extent caused by or resulting from VERIZON's, or its officer's, agent's, affiliate's, contractor's, subcontractor's, and/or employee's violation of any applicable EH&S Laws. VERIZON agrees to defend, indemnify and hold harmless CITY from and against any and all administrative and judicial actions and rulings, claims, causes of action, demands and liability including, but not limited to, damages, costs, expenses, assessments, penalties, fines, losses, judgments and reasonable attorney fees that the CITY may suffer or incur due to the existence or discovery of any Hazardous Substances on the Property or the migration of any Hazardous Substance to other properties or the release of any Hazardous Substance into the environment, that relate to or arise from VERIZON's activities, or those of its officers, agents, affiliates, contractors and subcontractors and employees. The indemnification in this section specifically includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any governmental authority. This section shall survive the termination or expiration of this Agreement. The Parties recognize that VERIZON is only leasing a small portion of CITY's Property and that VERIZON shall not be responsible for any environmental condition or issue except to the extent resulting from VERIZON's specific activities and responsibilities.

(b) To the extent authorized by law, CITY shall indemnify and hold harmless VERIZON from all claims resulting from the violation of any applicable EH&S Laws or a release of any regulated substance to the environment except to the extent resulting solely from the activities of VERIZON. The Parties recognize that VERIZON is only leasing a small portion of the Property and that VERIZON shall not be responsible for any environmental condition or issue except to the extent resulting from VERIZON's specific activities and responsibilities. In the event that VERIZON encounters any Hazardous Substances that do not result from its activities, VERIZON may relocate its facilities, at its own cost, to avoid such hazardous substances to a mutually agreeable location or, if VERIZON desires to remove at its own cost all or some the

hazardous substances or materials (such as soil) containing those hazardous substances, CITY agrees to sign any necessary waste manifest associated with the removal, transportation and/or disposal of such substances by VERIZON.

32. CASUALTY. In the event of damage by fire or other casualty to the Tower or Premises that cannot reasonably be expected to be repaired within forty-five (45) days following same or, if the Property is damaged by fire or other casualty so that such damage may reasonably be expected to disrupt VERIZON's operations at the Premises for more than forty-five (45) days, then VERIZON may, at any time following such fire or other casualty, provided CITY has not completed the restoration required to permit VERIZON to resume its operation at the Premises, terminate this Agreement upon fifteen (15) days prior written notice to CITY. Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment, as of such termination date, with respect to payments due to the other under this Agreement. Notwithstanding the foregoing, the Rent shall abate during the period of repair following such fire or other casualty in proportion to the degree to which VERIZON's use of the Premises is impaired.

33. CONDEMNATION. In the event of any condemnation of all or any portion of the Property, this Agreement shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If as a result of a partial condemnation of the Premises or Tower, VERIZON, in VERIZON's sole discretion, is unable to use the Premises for the purposes intended hereunder, or if such condemnation may reasonably be expected to disrupt VERIZON's operations at the Premises for more than forty-five (45) days, VERIZON may, at VERIZON's option, to be exercised in writing within fifteen (15) days after CITY shall have given VERIZON written notice of such taking (or in the absence of such notice, within fifteen (15) days after the condemning authority shall have taken possession) terminate this Agreement as of the date the condemning authority takes such possession. VERIZON may on its own behalf make a claim in any condemnation proceeding involving the Premises for losses related to the equipment, conduits, fixtures, its relocation costs and its damages and losses (but not for the loss of its leasehold interest). Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment as of such termination date with respect to payments due to the other under this Agreement. If VERIZON does not terminate this Agreement in accordance with the foregoing, this Agreement shall remain in full force and effect as to the portion of the Premises remaining, except that the Rent shall be reduced in the same proportion as the rentable area of the Premises taken bears to the total rentable area of the Premises.

34. SUBMISSION OF AGREEMENT/PARTIAL INVALIDITY/AUTHORITY. The submission of this Agreement for examination does not constitute an offer to lease the Premises and this Agreement becomes effective only upon the full execution of this Agreement by the Parties. If any provision herein is invalid, it shall be considered deleted from this Agreement and shall not invalidate the remaining provisions of this Agreement. Each of the Parties hereto warrants

to the other that the person or persons executing this Agreement on behalf of such Party has the full right, power and authority to enter into and execute this Agreement on such Party's behalf and that no consent from any other person or entity is necessary as a condition precedent to the legal effect of this Agreement.

35. APPLICABLE LAWS. During the Term, CITY shall maintain the Property and all structural elements of the Premises in compliance with all applicable laws, rules, regulations, ordinances, directives, covenants, easements, zoning and land use regulations, and restrictions of record, permits, building codes, and the requirements of any applicable fire insurance underwriter or rating bureau, now in effect or which may hereafter come into effect (including, without limitation, the Americans with Disabilities Act and laws regulating hazardous substances) (collectively "Laws"). VERIZON shall, in respect to the condition of the Premises and at VERIZON's sole cost and expense, comply with (a) all Laws relating solely to VERIZON's specific and unique nature of use of the Premises (other than general office use) (including but not limited to laws and ordinances relating to health, safety, radio frequency emissions, and radiation); and (b) all building codes requiring modifications to the Premises due to the improvements being made by VERIZON in the Premises.

36. SURVIVAL. The provisions of the Agreement relating to indemnification from one Party to the other Party shall survive any termination or expiration of this Agreement. Additionally, any provisions of this Agreement which require performance subsequent to the termination or expiration of this Agreement shall also survive such termination or expiration.

37. CAPTIONS. The captions contained in this Agreement are inserted for convenience only and are not intended to be part of the Agreement. They shall not affect or be utilized in the construction or interpretation of the Agreement.

38. TREATMENT IN BANKRUPTCY. The Parties to this Agreement hereby expressly agree and acknowledge that it is the intention of both Parties that in the event that during the Term of this Lease and any renewals or extensions thereof, VERIZON shall become a debtor in any voluntary or involuntary bankruptcy proceeding (a "Proceeding") under the United States Bankruptcy Code, 11 U.S.C. § 101, et seq. (the "Code"), this Agreement is and shall be treated as an "unexpired lease of nonresidential real property" for purposes of Section 365 of the Code, 11 U.S.C. § 365, and, accordingly, shall be subject to the provisions of subsections (d)(3) and (d)(4) of said Section 365.

39. FORCE MAJEURE. Neither party is required to perform any term, condition, or covenant of this Agreement if such performance is prevented or delayed by a natural occurrence, fire, act of God, or other similar occurrence, the cause of which is not reasonably within the control of either party, and which by due diligence neither is able to prevent or overcome.

40. AS-IS CONDITION. CITY hereby expressly disclaims all Warranties of Merchantability and Fitness for a Particular Purpose associated with the Premises. Except as provided to the contrary herein, VERIZON accepts the Premises "As Is."

IN WITNESS WHEREOF, the Parties hereto have set their hands and affixed their respective seals the day and year first above written.

CITY:

City of Manor
A Texas Home Rule Municipal Corporation

By: _____

Name: Tom Bolt

Title: City Manager

Date: _____

VERIZON:

Cellco Partnership d/b/a Verizon Wireless

By: _____

Name: _____

Title: _____

Date: _____

Exhibit "A"**Description of CITY's Property:*****PARENT TRACT***
(DEED NO. 2001007275)

Lot One (1), Block (11), of A.E. Lane's Addition, City of Manor, Travis County, Texas, according to the map or plat of record in Volume 2, Page 23, Plat Records of Travis County, Texas.

Description of VERIZON Premises:***12.0' X 26.0' LEASE AREA***
(AS-SURVEYED)

Being a portion of Lot One (1), Block Eleven (11), of the A.E. Lane's Addition to the City of Manor, Travis County, Texas according to the map or plat of record in Volume 2, Page 23, Plat Records of said Travis County, and being more particularly described as follows:

Commencing at a 3/8" rebar found at the intersection of the north right-of-way line of Murray Avenue and the west right-of-way line of Burnet Street and being the southeast corner of said Lot One (1), Block Eleven (11); thence run N 80°55'57" W along said north right-of-way line of Murray Avenue for a distance of 47.72 feet to a 3/8" rebar found at the southwest corner of said Lot One (1); thence N 31°03'20" E leaving said north right-of-way line for a distance of 47.35 feet to a 5/8" rebar set and the Point of Beginning; thence N 80°18'23" W for a distance of 12.00 feet to a 5/8" rebar set; thence N 09°41'26" E for a distance of 26.00 feet to a 5/8" rebar set; thence S 80°18'26" E for a distance of 12.00 feet to a 5/8" rebar set; thence S 09°41'33" W for a distance of 26.00 feet to the Point of Beginning. Said above described Lease Area contains 312.0 square feet, more or less.

Licensed Property Description:**10' UTILITY EASEMENT (AS-SURVEYED)**

Being a portion of Lot One (1), Block Eleven (11), of the A.E. Lane's Addition to the City of Manor, Travis County, Texas according to the map or plat of record in Volume 2, Page 23, Plat Records of said Travis County, and being more particularly described as follows:

Commencing at a 3/8" rebar found at the intersection of the north right-of-way line of Murray Avenue and the west right-of-way line of Burnet Street and being the southeast corner of said Lot One (1), Block Eleven (11); thence N 80°55'57" W along said north right-of-way line of Murray Avenue a distance of 47.72 feet to a 3/8" rebar found at the southwest corner of said Lot One (1) and the Point of Beginning; thence N 09°41'26" E along the west line of said Lot 1 a distance of 44.10 feet to a point; thence S 80°18'23" E leaving said west line a distance of 5.25 feet to a 5/8" rebar set; thence continue S 80°18'23" E a distance of 4.75 feet to a point; thence S 09°41'26" W a distance of 43.99 feet to a point on said north right-of-way line of Murray Avenue; thence N 80°55'57" W a distance of 10.00 feet to the Point of Beginning. Said above described Easement contains 440.4 square feet or 0.01 acres, more or less.

20' INGRESS/EGRESS & UTILITY EASEMENT (AS-SURVEYED)

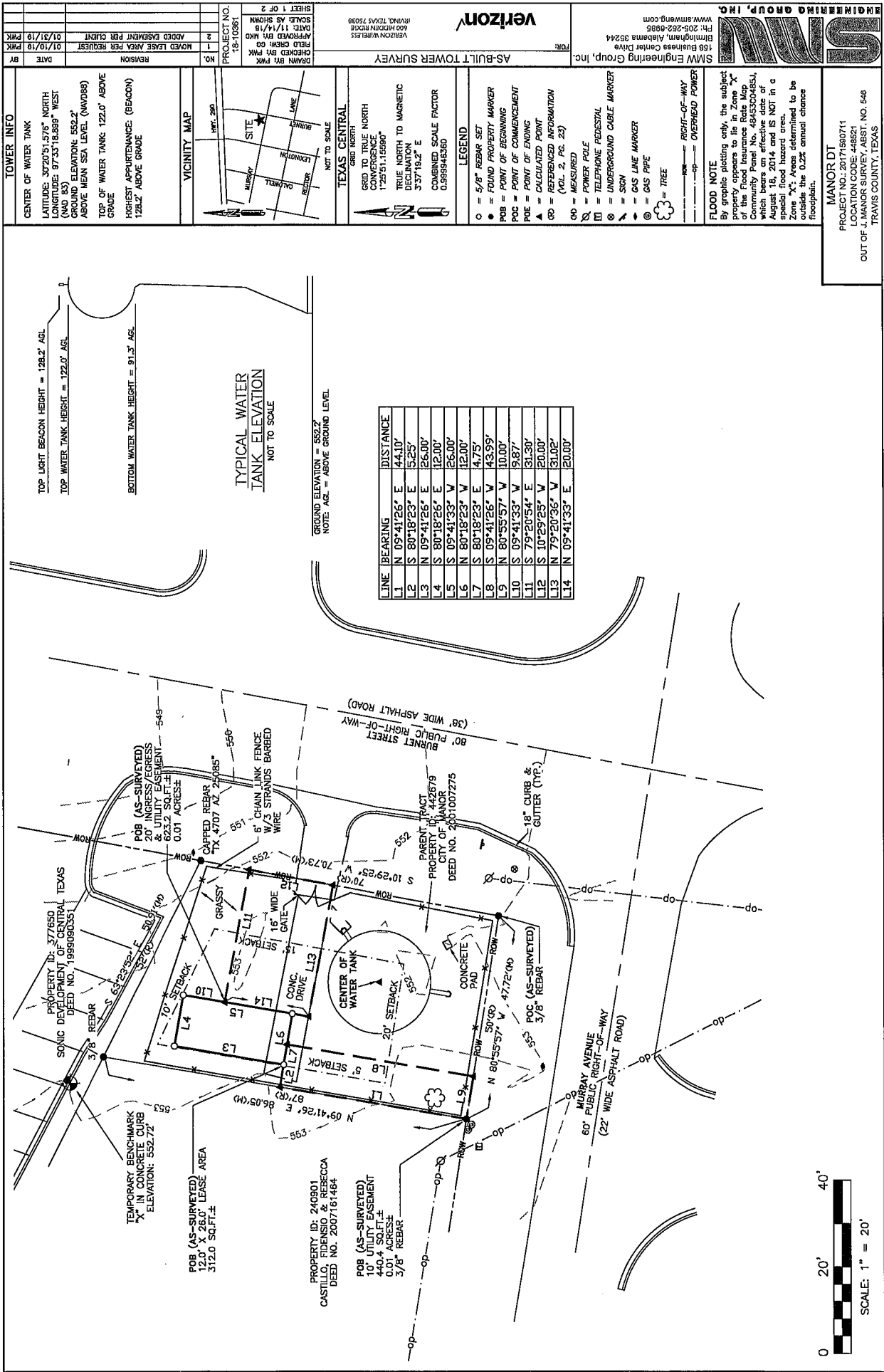
Being a portion of Lot One (1), Block Eleven (11), of the A.E. Lane's Addition to the City of Manor, Travis County, Texas according to the map or plat of record in Volume 2, Page 23, Plat Records of said Travis County, and being more particularly described as follows:

Commencing at a 3/8" rebar found at the intersection of the north right-of-way line of Murray Avenue and the west right-of-way line of Burnett Street and being the southeast corner of said Lot One (1), Block Eleven (11); thence N 80°55'57" W along said north right-of-way line of Murray Avenue a distance of 47.72 feet to a 3/8" rebar found at the southwest corner of said Lot One (1); thence N 09°41'26" E along the west line of said Lot 1 a distance of 44.10 feet to a point; thence S 80°18'23" E leaving said west line a distance of 5.25 feet to a 5/8" rebar set; thence N 09°41'26" E a distance of 26.00 feet to a 5/8" rebar set; thence S 80°18'26" E a distance of 12.00 feet to a 5/8" rebar set; thence S 09°41'33" W a distance of 9.87 feet to the Point of Beginning; thence S 79°20'54" E a distance of 31.30 feet to a point on said west right-of-way line of Burnett Street; thence S 10°29'25" W along said west right-of-way line a distance of 20.00 feet to a point; thence N 79°20'36" W leaving said right-of-way line a distance of 31.02 feet to a point; thence N 09°41'33" E a distance of 20.00 feet to the Point of Beginning. Said above described Easement contains 623.2 square feet or 0.01 acres, more or less.

See also drawing as part of Exhibit B.

If applicable, see attached photo simulations.

Exhibit "B"
Survey and Site Plan



PROJECT NO.	14-10991
DATE	11/14/18
APPROVED BY	PKM
ADDED EASEMENT PER CLIENT	01/31/19
MOVED EASEMENT PER REQUEST	01/10/19
DATE	PKM

AS-BUILT TOWER SURVEY

VERIZON WIRELESS
1000 DIXIE BLVD
IRVING, TEXAS 75039

BRANN BY PKM
DATE 11/14/18

SMW Engineering Group, Inc.

188 Business Center Drive
Birmingham, Alabama 35244
www.smweng.com

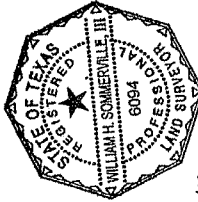
MANOR DT
PROJECT NO.: 2071580711
LOCATION CODE: 448521
OUT OF: J. MANOR SURVEY, ABST. NO. 546
TRAVIS COUNTY, TEXAS

SURVEYOR'S NOTES

1. This is an As-Built Survey, made on the ground under the supervision of an Texas Registered Land Surveyor.
2. The following surveying instruments were used at time of field visit: Nikon NP-352, Total Station, Reflectors and Tripod + Legacy E RTR, CO 11Z.
3. Bearings are based on Texas Central State Plane Coordinates NAD 83 by GPS observation.
4. All underground utilities, underground encroachments or building foundations were measured or located as a part of this survey.
5. Benchmark used is a GPS Continuously Operating Reference Station, PID A95337. Onsite benchmark is as shown hereon. Elevations shown are in feet and refer to NAD 88.
6. This survey was conducted for the purpose of an As-Built Survey only, and is not intended to delineate the boundaries of any tract of land.
7. Attention is directed to the fact that this survey may have been reduced or enlarged in size due to reproduction. This should be taken into consideration when obtaining scaled data.
8. This Survey was conducted without the benefit of an abstract title search.
9. Surveyor hereby states the Geoidetic Coordinates and the elevation shown for the proposed centerline of the proposed roadway to within +/- 40 millimeters and so within +/- 1/4 inch for a Class "A" Survey.
10. Survey shown herein conforms to the Minimum Requirements as set forth by the State Board for a Class "A" Survey.
11. Field data upon which this map or plat is based has a closure precision of not less than one-foot in 15,000 feet (1:15,000) and an angular error that does not exceed 10 seconds times the square root of the number of stations.
12. This survey is not valid without the original signature and the original seal of a state licensed surveyor and mapmaker.
13. This survey does not constitute a boundary survey of the Parent Tract. Any parent tract property lines shown hereon are from supplied information and may not be field verified.
14. No zoning information supplied by client.

SURVEYOR'S CERTIFICATION

I certify that all parts of this survey and drawing have been completed in accordance with the current requirements of the Standards of Practice for Surveying in the State of Texas to the best of my knowledge, information, and belief.



William H. Sommerville, III
William H. Sommerville, III
Texas License No. 6094

02/19/19

PARENT TRACT (DEED NO. 2001007275)

Lot One (1), Block (11), of A.E. Lane's Addition, City of Manor, Travis County, Texas, according to the map or plat of record in Volume 2, Page 23, Plat Records of Travis County, Texas.

12.0' X 26.0' LEASE AREA (AS-SURVEYED)

Being a portion of Lot One (1), Block Eleven (11), of the A.E. Lane's Addition to the City of Manor, Travis County, Texas according to the map or plat of record in Volume 2, Page 23, Plat Records of said Travis County, and being more particularly described as follows:

Commencing at a 3/8" rebar found at the intersection of the north right-of-way line of Murray Avenue and the west right-of-way line of Burnett Street and being the southeast corner of said Lot One (1), Block Eleven (11); thence N 80°55'57" W along said north right-of-way line of Murray Avenue a distance of 47.72 feet to a 3/8" rebar found at the southwest corner of said Lot One (1); thence N 09°41'26" E along the west line of said Lot 1 a distance of 44.10 feet to a point; thence S 80°18'23" E leaving said west line a distance of 3.25 feet to a 5/8" rebar set and the Point of Beginning; thence N 09°41'26" E a distance of 26.00 feet to a 5/8" rebar set; thence S 80°18'23" E a distance of 4.75 feet to a 5/8" rebar set; thence N 80°18'23" E a distance of 12.00 feet to the Point of Beginning. Said above described Lease Area contains 312.0 square feet, more or less.

10' UTILITY EASEMENT (AS-SURVEYED)

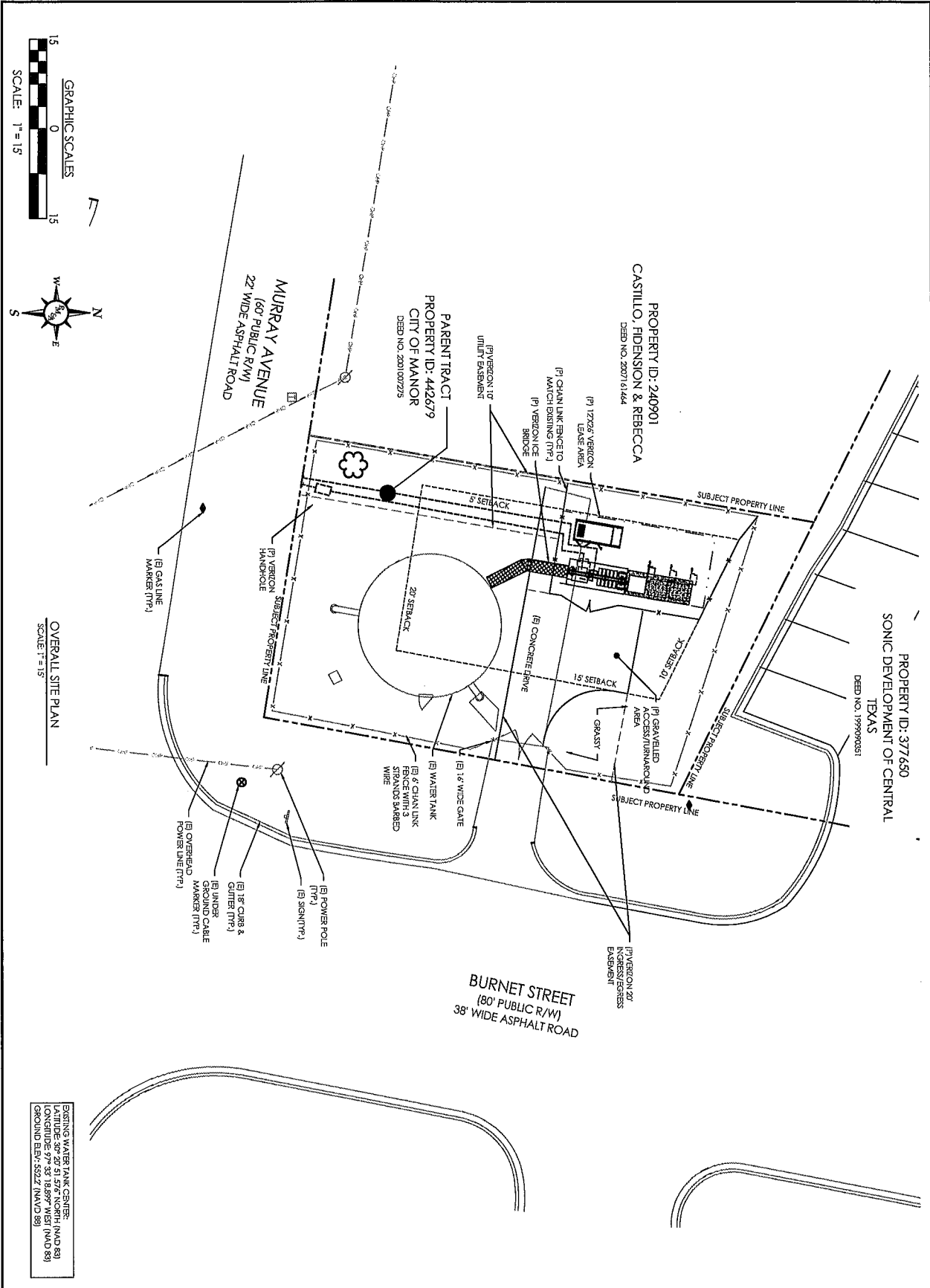
Being a portion of Lot One (1), Block Eleven (11), of the A.E. Lane's Addition to the City of Manor, Travis County, Texas according to the map or plat of record in Volume 2, Page 23, Plat Records of said Travis County, and being more particularly described as follows:

Commencing at a 3/8" rebar found at the intersection of the north right-of-way line of Murray Avenue and the west right-of-way line of Burnett Street and being the southeast corner of said Lot One (1), Block Eleven (11); thence N 80°55'57" W along said north right-of-way line of Murray Avenue a distance of 47.72 feet to a 3/8" rebar found at the southwest corner of said Lot One (1) and the Point of Beginning; thence N 09°41'26" E along the west line of said Lot 1 a distance of 44.10 feet to a point; thence S 80°18'23" E leaving said west line a distance of 5.25 feet to a 5/8" rebar set; thence S 80°18'23" E a distance of 4.75 feet to a point; thence N 09°41'26" E a distance of 43.89 feet to a point on said north right-of-way line of Burnett Street; thence S 80°18'23" E a distance of 10.00 feet to the Point of Beginning. Said above described Easement contains 440.4 square feet or 0.01 acres, more or less.


20' INGRESS/EGRESS & UTILITY EASEMENT (AS-SURVEYED)

Being a portion of Lot One (1), Block Eleven (11), of the A.E. Lane's Addition to the City of Manor, Travis County, Texas according to the map or plat of record in Volume 2, Page 23, Plat Records of said Travis County, and being more particularly described as follows:


Commencing at a 3/8" rebar found at the intersection of the north right-of-way line of Murray Avenue and the west right-of-way line of Burnett Street and being the southeast corner of said Lot One (1), Block Eleven (11); thence N 80°55'57" W along said north right-of-way line of Murray Avenue a distance of 47.72 feet to a 3/8" rebar found at the southwest corner of said Lot One (1); thence N 09°41'26" E along the west line of said Lot 1 a distance of 44.10 feet to a point; thence S 80°18'23" E leaving said west line a distance of 5.25 feet to a 5/8" rebar set; thence N 09°41'26" E a distance of 26.00 feet to a 5/8" rebar set; thence S 80°18'23" E a distance of 5.25 feet to a 5/8" rebar set; thence N 09°41'26" E a distance of 9.87 feet to the Point of Beginning; thence S 79°20'54" E a distance of 31.30 feet to a point on said west right-of-way line of Burnett Street; thence S 10°28'25" W along said west right-of-way line a distance of 20.00 feet to a point; thence N 79°20'39" W leaving said west line a distance of 10.00 feet to a point; thence N 09°41'26" E a distance of 20.00 feet to the Point of Beginning. Said above described Easement contains 823.2 square feet or 0.01 acres, more or less.



EXISTING WATER TANK CENTER: (NAD 83)
 CENTERLINE: 97° 51' 18.89" WEST (NAD 83)
 GROUND ELEV.: 552.2' (NAVD 88)



MANOR DT
 W. MURRAY AVE
 MANOR, TX 78653



P. MARSHALL & ASSOCIATES

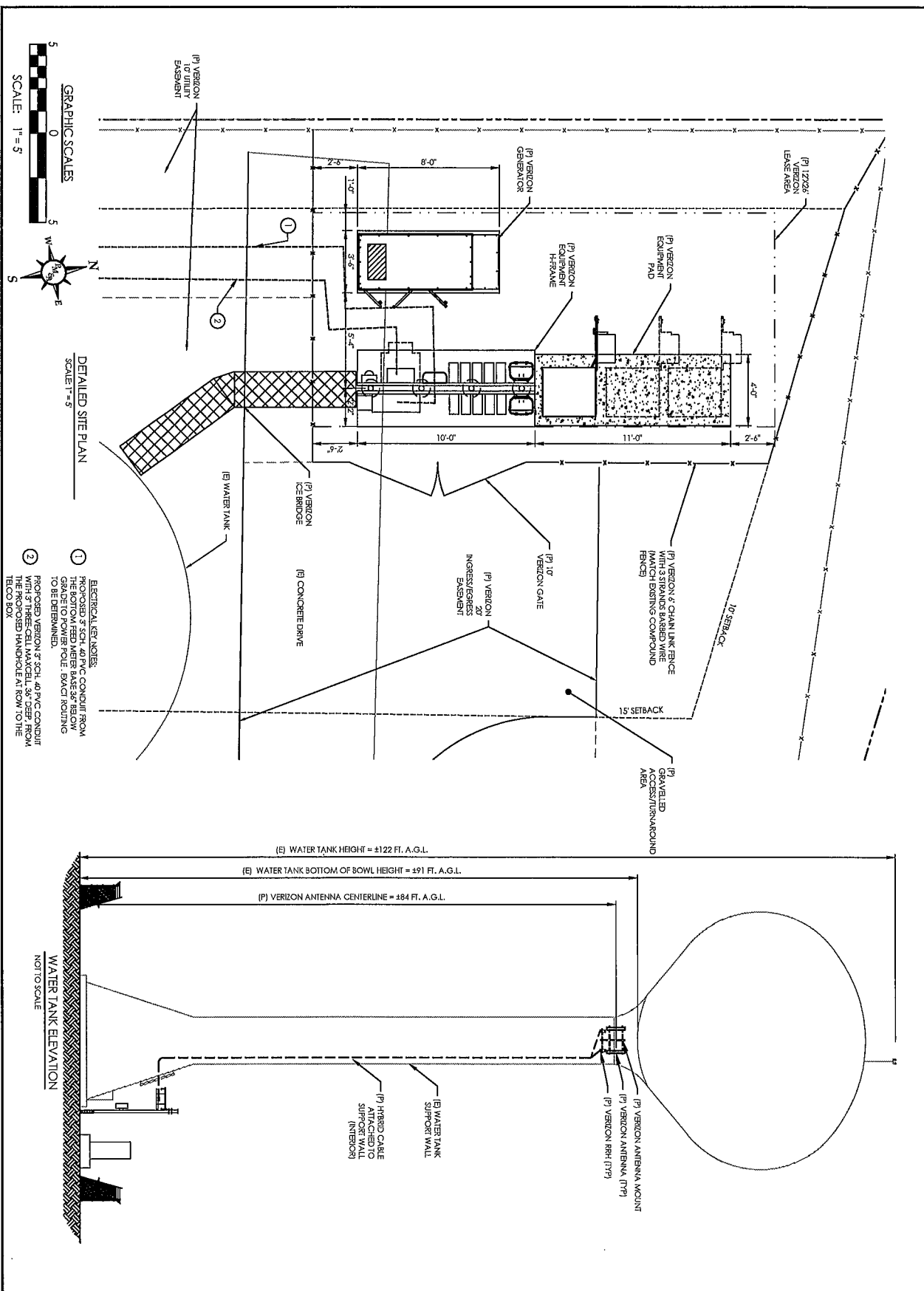
LOCATION CODE: **448521**

NO.	DATE	DESCRIPTION
A	01/19/19	PRELIMINARY EXHIBIT

ORDER: AA 20#:
 DRAWN: AA VVNT19-036
 CHECKED: PWM

OVERALL SITE PLAN

LE-1



P. MARSHALL &
ASSOCIATES

MANOR DT
 W. MURRAY AVE
 MANOR, TX 78653

LOCATION CODE:
448521

LE-2

NO.	DATE	DESCRIPTION
A	01/18/19	FREELIA LEBENHEIT

DESIGNER: AA
 DRAWN: AA
 CHECKED: PWM

JOB #:
VVMT18-036

Exhibit "C"

VERIZON's Tower Equipment:

- Up to 6 JMA Wireless MX06FRO860-02, or like kind, antennas
- Up to 6 dual band RRHs
- 1 OVP Box
- 1 Hybrid fiber cable
- RAD Center: 84'

Exhibit "D"

WRITTEN ACKNOWLEDGEMENT OF LEASE COMMENCEMENT

VERIZON shall complete Section 1 then provide to CITY for completion of Section 2.

SECTION 1 – This section to be completed by VERIZON. When filling out this section, please be sure to refer to the commencement language per the Agreement.

Site Name: _____
Site Address: _____
Contract Number: _____ GL Location Number: _____
Commencement Date: _____
Printed Name of Verizon Representative: _____ Date: _____

SECTION 2 – This section to be completed by CITY / Landlord and then returned to the Verizon representative.

Company Name: (if applicable) _____
Acknowledged by Lessor / Landlord: _____ Date: _____
Printed Name of Lessor / Landlord: _____ Title: (if applicable) _____



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Frank T. Phelan, P.E.
DEPARTMENT: City Engineer

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a change order to the construction contract for the Wilbarger Creek Wastewater Treatment and Collection System Improvements project.

BACKGROUND/SUMMARY:

This project includes the expansion of the existing Wilbarger Creek Wastewater Treatment Plant from 0.5 MGD to 1.33MGD including, lift station, office/lab building and ancillary work. The proposed change order includes freeze repair work from the winter storm, revisions to 8" drain configuration, SCADA system allowance adjustment and a locker room bench to comply with Texas Accessibility Standards. The proposed change order amount is 0.08% of the original project construction cost and places the project at 0.27% over budget.

LEGAL REVIEW: Not Applicable
FISCAL IMPACT: Yes
PRESENTATION: Yes
ATTACHMENTS: Yes, Change Order #6 with backup

- Change Order No. 6

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve Change Order No. 6 to the construction contract for the Wilbarger Creek Wastewater Treatment and Collection System Improvements project with Excel Construction Services, LLC in the amount of \$13,321.00.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

JAY ENGINEERING COMPANY, INC.
P.O. Box 1220 (512) 259-3882
Leander, TX 78646 Fax 259-8016
Texas Registered Engineering Firm F-4780

CHANGE ORDER

ORDER NO.: 6
 DATE: April 27, 2021
 AGREEMENT DATE: April 3, 2019

NAME OF PROJECT: Wilbarger Creek Wastewater Treatment and Collection System Improvements

OWNER: City of Manor

CONTRACTOR: Excel Construction Services, LLC

The following changes are hereby made to the CONTRACT DOCUMENTS:

1. Justification:

- Item No. 1 - Add 1 LS Change Order Item C.O.6-1, Misc. Freeze Repair Work including NPW and filter systems repairs and re-insulation @ \$18,683.00/LS
- Item No. 2 - Add 1 LS Change Order Item C.O.6-2, 8" Drain Revisions and SCADA system credit @ (\$6,669.00)/LS
- Item No. 3 - Add 1 LS TAS-Required Accessibility Barrier and Locker Room Bench @ \$1,307.00/LS

2. Change to CONTRACT PRICE:

Original CONTRACT PRICE: \$16,722,300.00
 Current CONTRACT PRICE adjusted by previous CHANGE ORDER \$17,255,735.00
 The CONTRACT PRICE due to this CHANGE ORDER will be increased or (decreased) by:
 \$13,321.00
 New CONTRACT PRICE including this CHANGE ORDER will be: \$17,269,056.00

3. Change to CONTRACT TIME:

The CONTRACT TIME will be increased or (decreased) by 5 calendar days for Base and Alternate Bid D for substantial completion of treatment plant expansion and new on-site lift station, 5 days for sludge processing work, and 12 calendar days for final completion of all work. The date for substantial completion of Base and Alternate Bid D treatment plant expansion and new on-site lift station work will be June 1, 2020. The date for substantial completion of Base Bid sludge processing at existing plant work will be September 28, 2020, 2020. The date for final completion of all Base and Alternate Bid D work will be January 20, 2021.

Approvals Required:

To be effective, this order must be signed by all parties to the Agreement if it changes the scope or objective of the PROJECT, or as may otherwise be required by the SUPPLEMENTAL GENERAL CONDITIONS.

Recommended by: Frank T. Phelan, P.E. Signed: *Frank T. Phelan*
Engineer

Ordered by: _____ Signed: _____
Owner

Accepted by: DAVID WOLFF Signed: *David Wolff*
Contractor





AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Samuel D. Kiger, P.E.
DEPARTMENT: City Engineer

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Construction Contract for the East US 290 Waterline CIP W-17 in the amount of \$660,821.35.

BACKGROUND/SUMMARY:

Bids were publicly opened and read on April 21, 2021 for the referenced project. The improvements consist of the Installation of 6,600 linear feet of 16" ductile iron waterline to serve Manor Heights and surrounding area as part of the Development Agreement with the City dated November 7, 2018. As reflected on the attached Bid Tabulation, ten bids were received. The low bidder was Atlas Construction, Corporation. We have verified the Contractor's qualifications including references and financials. Based on our findings Atlas Construction has experience with water projects and is financially stable. Base Bid price came in below our Opinion of Probable Cost.

LEGAL REVIEW: Yes, Completed
FISCAL IMPACT: Yes, Funding through Development Agreement
PRESENTATION: No
ATTACHMENTS: Yes

- Recommendation of Award
- Bid Tabulation
- Contract

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve and award the Construction Contract to Atlas Construction, Corporation for the East US 290 Waterline CIP W-17 in the amount of \$660,821.35.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

April 26, 2021

Hon. Dr. Larry Wallace Jr.
City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

Re: East US 290 Waterline Improvements, CIP W-17

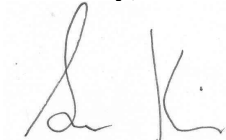
Dear Mayor Wallace:

Bids were publicly opened and read on April 21, 2021 for the referenced project. As reflected on the attached Bid Tabulation, ten bids were received. The low bidder was Atlas Construction, Corporation.

We have verified their qualifications including references and financials. Based on our findings Atlas Construction has experience with water improvement projects of this magnitude and is financially stable. Base Bid prices came in below our Opinion of Probable Cost. Therefore, we recommend award of the base bid to Atlas Construction, Corporation in the amount of \$660,821.35.

Please contact us if you should have any questions in this regard.

Sincerely,



Samuel D. Kiger, P.E.
SDK/s
Enclosure

Pn: 14624

BID TABULATION
CITY OF MANOR EAST U.S. 290 WATERLINE IMPROVEMENTS CIP W-17

ITEM NO.	DESCRIPTION	UNIT	QUANTITY	ATLAS CONSTRUCTION, CORP.		ROYAL VISTA, INC.		M&C FONSECA CONSTRUCTION COMPLY, INC.		BRUCE FLANIGAN CONSTRUCTION, INC.		EXCEL AIRCRAFT, LLC		GUERRA UNDERGROUND, LLC		LUPE RUBIO CONSTRUCTION COMPANY, INC.		JKB CONSTRUCTION COMPANY, LLC		JBS UNDERGROUND, LLC		PATIN CONSTRUCTION, LLC	
				UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION	UNIT PRICE	EXTENSION
1	STABILIZED CONSTRUCTION ENTRANCE	EA	2	\$ 1,830.09	3,660.18	\$ 1,100.00	2,200.00	1,250.00	2,500.00	\$ 1,890.00	3,780.00	\$ 3,500.00	7,000.00	\$ 3,000.00	6,000.00	2,160.00	4,320.00	\$ 1,755	3,510.00	\$ 1,850.00	3,700.00	1,600.00	3,200.00
2	SILT FENCE	LF	7,320	\$ 2	14,640.00	\$ 2.50	18,300.00	3.50	25,620.00	\$ 4.20	30,744.00	\$ 2.20	16,104.00	\$ 3.00	21,960.00	3.00	21,960.00	\$ 4	27,084.00	\$ 3.75	27,450.00	2.50	18,300.00
3	ROCK BERM	LF	60	\$ 26.15	1,569.00	\$ 30.00	1,800.00	40.00	2,400.00	\$ 30.00	1,800.00	\$ 32.00	1,920.00	\$ 60.00	3,600.00	42.00	2,520.00	\$ 45	2,700.00	\$ 54.00	3,240.00	35.00	2,100.00
4	12-INCH GATE VALVE WITH BOX	EA	2	\$ 2,810.30	5,620.60	\$ 2,500.00	5,000.00	3,000.00	6,000.00	\$ 2,593.00	5,186.00	\$ 2,600.00	5,200.00	\$ 2,147.00	4,294.00	2,946.00	5,892.00	\$ 6,084	12,168.00	\$ 2,950.00	5,900.00	2,400.00	4,800.00
5	12-INCH FLANGED COUPLING ADAPTER	EA	2	\$ 1,266.41	2,532.82	\$ 1,100.00	2,200.00	1,750.00	3,500.00	\$ 1,294.00	2,588.00	\$ 1,370.00	2,740.00	\$ 880.00	1,760.00	1,560.00	3,120.00	\$ 1,906	3,812.00	\$ 1,400.00	2,800.00	1,100.00	2,200.00
6	16-INCH DIP WATERLINE (FITTINGS INCLUDED)	LF	6,600	\$ 76.92	507,672.00	\$ 83.00	547,800.00	85.00	561,000.00	\$ 82.30	543,180.00	\$ 87.75	579,150.00	\$ 94.50	623,700.00	104.99	692,934.00	\$ 111	733,590.00	\$ 112.75	744,150.00	137.00	904,200.00
7	16-INCH GATE VALVE WITH BOX	EA	1	\$ 6,717.90	6,717.90	\$ 7,500.00	7,500.00	8,500.00	8,500.00	\$ 7,692.00	7,692.00	\$ 7,500.00	7,500.00	\$ 7,360.00	7,360.00	8,762.40	8,762.40	\$ 11,667	11,667.00	\$ 7,650.00	7,650.00	8,200.00	8,200.00
8	2-INCH AIR RELEASE VALVE ASSEMBLY	EA	1	\$ 4,124.07	4,124.07	\$ 2,950.00	2,950.00	4,250.00	4,250.00	\$ 4,062.00	4,062.00	\$ 5,300.00	5,300.00	\$ 3,283.00	3,283.00	8,802.96	8,802.96	\$ 4,584	4,584.00	\$ 6,100.00	6,100.00	2,900.00	2,900.00
9	6-INCH DRAIN VALVE ASSEMBLY	EA	1	\$ 4,596.58	4,596.58	\$ 3,100.00	3,100.00	4,500.00	4,500.00	\$ 4,856.00	4,856.00	\$ 6,000.00	6,000.00	\$ 3,473.00	3,473.00	7,734.96	7,734.96	\$ 4,540	4,540.00	\$ 5,500.00	5,500.00	3,000.00	3,000.00
10	16-INCH CAP OR PLUG & BLOCK	EA	1	\$ 901.28	901.28	\$ 800.00	800.00	1,250.00	1,250.00	\$ 886.00	886.00	\$ 1,100.00	1,100.00	\$ 515.00	515.00	1,023.60	1,023.60	\$ 1,115	1,115.00	\$ 1,485.00	1,485.00	1,200.00	1,200.00
11	FIRE HYDRANT ASSEMBLY	EA	1	\$ 4,412.77	4,412.77	\$ 4,350.00	4,350.00	5,000.00	5,000.00	\$ 5,776.00	5,776.00	\$ 7,300.00	7,300.00	\$ 4,852.00	4,852.00	7,245.36	7,245.36	\$ 7,576	7,576.00	\$ 7,650.00	7,650.00	5,900.00	5,900.00
12	CONNECT TO EXISTING 12" WATERMAIN	EA	1	\$ 3,091.61	3,091.61	\$ 1,500.00	1,500.00	3,250.00	3,250.00	\$ 7,417.00	7,417.00	\$ 6,800.00	6,800.00	\$ 5,300.00	5,300.00	8,017.20	8,017.20	\$ 3,983	3,983.00	\$ 5,500.00	5,500.00	4,500.00	4,500.00
13	CONNECT TO EXISTING 16" WATERMAIN	EA	2	\$ 2,911.15	5,822.30	\$ 2,500.00	5,000.00	3,500.00	7,000.00	\$ 7,234.00	14,468.00	\$ 6,900.00	13,800.00	\$ 1,100.00	2,200.00	7,996.80	15,993.60	\$ 4,730	9,460.00	\$ 1,485.00	2,970.00	4,500.00	9,000.00
14	24-INCH BORED STEEL CASING PIPE	LF	108	\$ 540.22	58,343.76	\$ 450.00	48,600.00	500.00	54,000.00	\$ 545.00	58,860.00	\$ 520.00	56,160.00	\$ 492.00	53,136.00	606.05	65,453.40	\$ 615	66,420.00	\$ 555.00	59,940.00	608.00	65,664.00
15	30' X 10' BORING PIT	EA	1	\$ 1,045.37	1,045.37	\$ 2,500.00	2,500.00	1,500.00	1,500.00	\$ 11,320.00	11,320.00	\$ 5,700.00	5,700.00	\$ 7,700.00	7,700.00	4,200.00	4,200.00	\$ 2,925	2,925.00	\$ 5,150.00	5,150.00	9,500.00	9,500.00
16	10' X 10' BORING PIT	EA	1	\$ 522.69	522.69	\$ 1,250.00	1,250.00	1,250.00	1,250.00	\$ 2,721.00	2,721.00	\$ 1.00	1.00	\$ 2,100.00	2,100.00	1,800.00	1,800.00	\$ 1,755	1,755.00	\$ 2,750.00	2,750.00	2,500.00	2,500.00
17	TRENCH SAFETY	LF	6,600	\$ 1.60	10,560.00	\$ 0.50	3,300.00	1.00	6,600.00	\$ 0.80	5,280.00	\$ 3.60	23,760.00	\$ 0.75	4,950.00	1.20	7,920.00	\$ 2	13,200.00	\$ 1.00	6,600.00	3.00	19,800.00
18	CONCRETE TRENCH CAP	LF	19	\$ 81.09	1,540.71	\$ 60.00	1,140.00	55.00	1,045.00	\$ 111.50	2,118.50	\$ 88.00	1,672.00	\$ 68.00	1,292.00	60.00	1,140.00	\$ 61	1,159.00	\$ 330.00	6,270.00	100.00	1,900.00
19	REMOVE AND REPLACE WIRE FENCE	LF	63	\$ 10.46	658.98	\$ 10.00	630.00	15.00	945.00	\$ 9.50	598.50	\$ 7.70	485.10	\$ 10.50	661.50	9.60	604.80	\$ 14	882.00	\$ 65.00	4,095.00	53.00	3,339.00
20	GRAVEL PARKING REPAIR	LF	52	\$ 12.26	637.52	\$ 15.00	780.00	20.00	1,040.00	\$ 16.90	878.80	\$ 26.40	1,372.80	\$ 13.30	691.60	12.00	624.00	\$ 18	936.00	\$ 34.00	1,768.00	35.00	1,820.00
21	ASPHALT PARKING REPAIR	LF	297	\$ 20.19	5,996.43	\$ 20.00	5,940.00	22.50	6,682.50	\$ 29.80	8,850.60	\$ 34.00	10,098.00	\$ 12.00	3,564.00	30.00	8,910.00	\$ 20	5,940.00	\$ 107.00	31,779.00	100.00	29,700.00
22	REVEGETATION	LS	1	\$ 14,899.78	14,899.78	\$ 16,500.00	16,500.00	12,500.00	12,500.00	\$ 15,041.00	15,041.00	\$ 12,000.00	12,000.00	\$ 7,900.00	7,900.00	9,600.00	9,600.00	\$ 10,530	10,530.00	\$ 24,703.00	24,703.00	15,000.00	15,000.00
23	PROVIDE STORMWATER POLLUTION CONTROL	LS	1	\$ 1,255.00	1,255.00	\$ 2,000.00	2,000.00	4,500.00	4,500.00	\$ 17,652.00	17,652.00	\$ 2,700.00	2,700.00	\$ 12,900.00	12,900.00	6,000.00	6,000.00	\$ 7,300	7,300.00	\$ 1,850.00	1,850.00	4,500.00	4,500.00
TOTAL BASE BID =					660,821.35		685,140.00		724,832.50		755,755.40		773,862.90		783,192.10		894,578.28		936,836.00		969,000.00		1,123,223.00

AGREEMENT

STATE OF TEXAS)(

COUNTY OF TRAVIS)(

THIS AGREEMENT, made and entered into this 5th day of May AD 2021, by and between the City of Manor, Texas, a home-rule city and municipal corporation, with principal offices located at 105 E. Eggleston St., Manor, Texas 78653, hereinafter termed OWNER, or CITY and Atlas Construction, Corporation, a Corporation with principal offices located at 316 Sunset Drive, Granite Shoals, Texas 78654, hereinafter termed CONTRACTOR.

WITNESSETH: That for and in consideration of the mutual terms, conditions, and covenants of this Agreement and the accompanying documents between Owner and Contractor and for and in consideration of payments as set forth therein, Contractor hereby agrees with the said Owner to commence and complete the following Project:

**US 290 WATERLINE CIP W-17
FOR THE CITY OF MANOR, TEXAS**

for all base bid work and all extra work in connection therewith, under the terms as stated in the Contract Documents and at CONTRACTOR's own proper cost and expense to furnish all the materials, supplies, machinery, equipment, tools, superintendence, labor, insurance, and other accessories and services necessary to construct and complete US 290 WATERLINE CIP W-17 (the "Project" or "Work"), in accordance with the Contractor's Proposal, Instructions to Bidders, Special Provisions, Supplementary Conditions, General Conditions, Performance bond, Payment bond, Drawings, Plans and Technical Specifications and other drawings and printed or written explanatory matter thereof, and the addenda therefore, as prepared by Jay Engineering, a Division of GBA herein entitled the ENGINEER, and approved by the OWNER, all of which are made a part hereof and collectively evidence and constitute the entire contract (the "Contract Documents").

The CONTRACTOR hereby agrees to commence work within ten (10) days after the date written notice to do so shall have been given to him, and to substantially complete all work within Ninety (90) calendar days after the date specified in the written Notice To Proceed.

Waiver of any breach of this Agreement shall not constitute waiver of any subsequent breach.

The OWNER agrees to pay the CONTRACTOR, for satisfactory performance of this Agreement, in current funds the price or prices shown in the Contractor's Proposal, which forms a part of this contract, such payments to be subject to proper completion of the contract, in the total amount of \$660,821.35, (six hundred sixty thousand eight hundred twenty-one dollars and thirty-five cents), subject to proper additions and deductions (the "Contract Amount"), all as provided in the General Conditions of this Agreement. The financial obligations of the City under this Agreement shall be paid from current funds and shall be subject to funds being appropriated and budgeted in sufficient amounts to satisfy such obligations.

Although drawn by the OWNER, both parties hereto expressly agree and assert that in the event of any dispute over its meaning or application, this Agreement shall be interpreted reasonably and fairly, and neither more strongly for nor against either party.

The CONTRACTOR agrees that time is of the essence on this contract and that for each calendar day of delay beyond the time established for completion of the work specified and contracted for, the Owner may withhold permanently from the CONTRACTOR'S compensation the sum of **Five Hundred Dollars (\$500.00)** as stipulated liquidated damages for delay.

In accordance with Chapter 2270, Texas Government Code, the CITY may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that it: (a) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The signatory executing this contract on behalf of the company verifies that CONTRACTOR does not boycott Israel and will not boycott Israel during the term of this Agreement.

"To the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, CONTRACTOR represents that CONTRACTOR nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of CONTRACTOR is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201, or 2252.153 of the Texas Government Code."

IN WITNESS WHEREOF, both parties have caused this Agreement to be signed in their respective corporate names by duly authorized representatives, and the parties hereby bind themselves, their successors and assigns for the faithful and full performance of the terms and provisions hereof.

EXECUTED on the latest date of the signatories indicated below

OWNER

CONTRACTOR

By: _____

By: _____

Title: Mayor, City of Manor

Title: _____

Printed Name: Dr. Larry Wallace Jr.

Printed Name: _____

Date Signed: _____

Date Signed: _____

ATTEST:

ATTEST:

City Secretary, City of Manor



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: May 5, 2021
PREPARED BY: Samuel D. Kiger, P.E.
DEPARTMENT: City Engineer

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Construction Contract for the Cottonwood Creek Wastewater Collection System Improvements in the amount of \$2,973,557.00.

BACKGROUND/SUMMARY:

Bids were publicly opened and read on April 21, 2021 for the referenced project. The improvements consist of the Installation of approximately 11,500 linear feet of wastewater collection line (mostly 12" with 18" and 21") and a lift station with approximately 2,600 linear feet of 10" force main to serve Manor Heights and surrounding area as part of the Development Agreement with the City dated November 7, 2018. As reflected on the attached Bid Tabulation, seven bids were received. The low bidder was D Guerra Construction, LLC. We have verified the Contractor's qualifications including references and financials. Based on our findings D Guerra Construction has extensive experience with wastewater projects and is financially stable. Base Bid price came in below our Opinion of Probable Cost.

LEGAL REVIEW: Yes, Completed
FISCAL IMPACT: Yes, Funding through Development Agreement
PRESENTATION: No
ATTACHMENTS: Yes

- Recommendation of Award
- Bid Tabulation
- Contract

STAFF RECOMMENDATION:

It is the City staff's recommendation that the City Council approve and award the Construction Contract to D Guerra Construction, LLC. for the Cottonwood Creek Wastewater Collection System Improvements in the amount of \$2,973,557.00.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**

April 26, 2021

Hon. Dr. Larry Wallace Jr.
City of Manor, Texas
105 E. Eggleston Street
Manor, Texas 78653

Re: Cottonwood Creek Wastewater Collection System Improvements

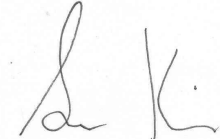
Dear Mayor Wallace:

Bids were publicly opened and read on April 21, 2021 for the referenced project. As reflected on the attached Bid Tabulation, seven bids were received. The low bidder was D Guerra Construction, LLC.

We have verified their qualifications including references and financials. Based on our findings D Guerra Construction has extensive experience with wastewater improvements projects and is financially stable. Base Bid prices came in below our Opinion of Probable Cost. Therefore, we recommend award of the base bid to D Guerra Construction, LLC for \$2,973,557.00.

Please contact us if you should have any questions in this regard.

Sincerely,



Samuel D. Kiger, P.E.
SDK/s
Enclosure

Pn: 14621

AGREEMENT

STATE OF TEXAS)(

COUNTY OF TRAVIS)(

THIS AGREEMENT, made and entered into this 5th day of May AD 2021, by and between the City of Manor, Texas, a home-rule city and municipal corporation, with principal offices located at 105 E. Eggleston St., Manor, Texas 78653, hereinafter termed OWNER, or CITY and D Guerra Construction, LLC, a Limited Liability Corporation with principal offices located at 8309 Cross Park Dr., Austin, Texas 78754, hereinafter termed CONTRACTOR.

WITNESSETH: That for and in consideration of the mutual terms, conditions, and covenants of this Agreement and the accompanying documents between Owner and Contractor and for and in consideration of payments as set forth therein, Contractor hereby agrees with the said Owner to commence and complete the following Project:

COTTONWOOD CREEK WASTEWATER COLLECTION SYSTEM IMPROVEMENTS FOR THE CITY OF MANOR, TEXAS

for all base bid work and all extra work in connection therewith, under the terms as stated in the Contract Documents and at CONTRACTOR's own proper cost and expense to furnish all the materials, supplies, machinery, equipment, tools, superintendence, labor, insurance, and other accessories and services necessary to construct and complete COTTONWOOD CREEK WASTEWATER COLLECTION SYSTEM IMPROVEMENTS (the "Project" or "Work"), in accordance with the Contractor's Proposal, Instructions to Bidders, Special Provisions, Supplementary Conditions, General Conditions, Performance bond, Payment bond, Drawings, Plans and Technical Specifications and other drawings and printed or written explanatory matter thereof, and the addenda therefore, as prepared by Jay Engineering, a Division of GBA herein entitled the ENGINEER, and approved by the OWNER, all of which are made a part hereof and collectively evidence and constitute the entire contract (the "Contract Documents").

The CONTRACTOR hereby agrees to commence work within **ten (10)** days after the date written notice to do so shall have been given to him, and to substantially complete all work within **One-hundred sixty (160) calendar days** after the date specified in the written Notice To Proceed.

Waiver of any breach of this Agreement shall not constitute waiver of any subsequent breach.

The OWNER agrees to pay the CONTRACTOR, for satisfactory performance of this Agreement, in current funds the price or prices shown in the Contractor's Proposal, which forms a part of this contract, such payments to be subject to proper completion of the contract, in the total amount of \$2,973,357.00 (two million nine hundred seventy three thousand three hundred fifty-seven dollars and no cents, subject to proper additions and deductions (the "Contract Amount"), all as provided in the General Conditions of this Agreement. The financial obligations of the City under this Agreement shall be paid from current funds and shall be subject to funds being appropriated and budgeted in sufficient amounts to satisfy such obligations.

Although drawn by the OWNER, both parties hereto expressly agree and assert that in the event of any dispute over its meaning or application, this Agreement shall be interpreted reasonably and fairly, and neither more strongly for nor against either party.

The CONTRACTOR agrees that time is of the essence on this contract and that for each calendar day of delay beyond the time established for completion of the work specified and contracted for, the Owner may withhold permanently from the CONTRACTOR'S compensation the sum of **Five Hundred Dollars (\$500.00)** as stipulated liquidated damages for delay.

In accordance with Chapter 2270, Texas Government Code, the CITY may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that it: (a) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The signatory executing this contract on behalf of the company verifies that CONTRACTOR does not boycott Israel and will not boycott Israel during the term of this Agreement.

"To the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, CONTRACTOR represents that CONTRACTOR nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of CONTRACTOR is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201, or 2252.153 of the Texas Government Code."

IN WITNESS WHEREOF, both parties have caused this Agreement to be signed in their respective corporate names by duly authorized representatives, and the parties hereby bind themselves, their successors and assigns for the faithful and full performance of the terms and provisions hereof.

EXECUTED on the latest date of the signatories indicated below

OWNER

CONTRACTOR

By: _____

By: _____

Title: Mayor, City of Manor

Title: _____

Printed Name: Dr. Larry Wallace Jr.

Printed Name: _____

Date Signed: _____

Date Signed: _____

ATTEST:

ATTEST:

City Secretary, City of Manor
